

VOLUME 5, CHAPTER 7: “U.S. TREASURY CHECKS”**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 September 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	†As part of the Under Secretary of Defense (Comptroller) Volume 5 Streamlining Initiative, this revision incorporated the archived versions of Chapters 8 (April 2011) and 9 (September 2012).	Revision
Multiple	Revised the entire chapter to include administrative updates and hyperlinks.	Revision
070204	Added guidance on the requirement that all Federal nontax payments be made by Electronic Funds Transfer unless a waiver applies.	Addition
070302.B	Added guidance on Treasury’s requirement for post-print verification of unnumbered checks.	Revision
070303.E	Added guidance regarding additional imprinting on Treasury check formats E, G, GS, I, K, and M.	Revision
Previous Table 8-2	Deleted information in Table 8-2, Daily Advice of Status Codes and Messages. This information is provided in the Treasury Financial Manual.	Deletion

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CHAPTER 7

U.S. TREASURY CHECKS

0701 GENERAL

070101. Overview

Disbursing Officers (DOs) issue United States (U.S.) Treasury checks under applicable laws and regulations for military pay and allowances, civilian pay, settlement of travel claims, authorized advances to travelers and agents, exchanges for cash, and deposits for credit to the Department of the Treasury (Treasury). The Competitive Equality Banking Act of 1987 (CEBA) amended *Title 31, United States Code (U.S.C.), section 3328(a)*, and created a new section *3334* that establishes time limits on the payability (negotiability) of Treasury checks. It affects the time allowed for negotiating Treasury checks, initiating and processing claims on those checks, recovering monies from financial institutions, and replacing those checks. It does not affect either underlying obligations of the U.S. for which Treasury checks were issued, Electronic Funds Transfer (EFT) payments, or check payments from limited depositary accounts (LDAs). DOs record all Treasury checks issued and negotiated in the Bureau of Fiscal Services, Treasury Check Information System (TCIS). Timely and accurate reporting is vital to maintaining balanced accounts. See Chapter 14 for guidance on LDAs.

070102. Purpose

This chapter provides basic principles and requirements for procurement of Treasury checks, check types and features, security, storage, and signature media to include machine specifications of check signing machines. It also provides information on the issuance of Treasury checks, exchange-for-cash checks, check issue discrepancies, spoiled and voided checks, check cancellation, and the necessity for timely and accurate reporting to Treasury.

070103. Statutory Basis

Treasury Check usage is governed by *31 U.S.C. 3321(c)(2)*, Disbursing Authority in the Executive Branch; *3328(a)*, Time Limit on Treasury Checks; *31 U.S.C. 3331*, Substitute Checks; *31 U.S.C. 3332*, Required Direct Deposit; *31 U.S.C. 3343*, Check Forgery Insurance Fund; *31 U.S.C. 3702(c)*, One Year Limit for Check Claims; and *3334*, Cancellation and proceeds distribution of Treasury checks.

0702 POLICY

070201. Drawing and Dating of Checks

A. *Drawing a Check*. Inscribe checks drawn on the Treasury to the payee by name or to a financial institution for credit to the account of the named payee, except for checks drawn as exchanges for cash (see section *0707*). Never make a check payable to “Cash.”

B. Dating and Mailing Checks. DOs must not issue checks in payment of salaries before completion of the service for which the payment is being made or before the scheduled payday, unless authorized (e.g., advance pay). A Department of Defense (DoD) Component may, however, mail checks to payees before a military or civilian payday to ensure payments are available when due. When mailing a check before payday, do not date it before the date of the scheduled payday. Agencies using this method of pay delivery must have internal controls that alert the DO when a payee becomes ineligible for scheduled pay (e.g., unauthorized absence or separation) and ensure that pay intercept procedures can be initiated.

C. Legal Representatives

1. Legal Representative of Estate of Decedent. A check may be drawn to the order of a legal representative of the estate of a deceased person (e.g., “John K. Smith, Executor of the estate of James R. Jones”). Do not make a check payable “to the estate of” a decedent or to a deceased person.

2. Committee or Guardian. A check may be drawn to the order of a legally appointed committee, guardian, or other legal representative of a mentally incompetent payee when specifically authorized (see Volumes 7A, 7B, and 8).

3. Power of Attorney. The payee of a check may authorize another person to receive a Treasury check by execution of a specific power of attorney that clearly states the holder is entitled to receive the check on the payee’s behalf. The person receiving the check signs his or her own name on the voucher followed by the words, “Attorney-in-Fact for,” and the name of the person granting the power of attorney. The DO verifies the identity of the holder and keeps a copy of the power of attorney. Process payments made to the holder of a power of attorney that require “secret” or “confidential identity” using a cover voucher insert. Transmit the original voucher and a copy of the power of attorney to the supporting Defense Finance and Accounting Service (DFAS) site for proper handling and storage.

D. Signing Blank Checks. The signing of blank checks is prohibited.

070202. Negotiability

Treasury checks are negotiable for one year from [their issue dates](#). This became effective October 1, 1989; checks issued before that date became void on October 1, 1990. Checks presented for payment that are not negotiable must be verified for validity and replaced, if appropriate (see Section [0712](#)).

070203. Evidence of Payment

The issuance and mailing of a check to a creditor of the U.S. does not, by itself, constitute payment of a debt. A debt is not discharged until a creditor has received the amount of the debt in money or its equivalent in law. An acknowledgement of receipt of the check is also not evidence of payment. The endorsed and negotiated check is the receipt to the government.

*070204. Federal Nontax Payments

A. The Treasury Financial Manual, Part 4A, section 2035 ([I TFM 4A-2035](#)) requires that all Federal nontax payments must be made by EFT unless a waiver applies.

B. No waivers are available for vendor payments; all must be made by EFT.

0703 PROCUREMENT OF TREASURY CHECKS

070301. Ordering

Order Treasury checks using U.S. Government Printing Office (GPO) Form 2431, Print Order-Department of the Treasury Checks and Proofs (see [Figure 7-1](#)). Disbursing offices should order [enough](#) checks to last 1 year unless there is reason to request a supply for a longer or shorter period; cite this reason in the “Remarks” section of the form. The minimum amount for any check format is 1,000 checks, [except for roll stock for which the minimum is 40,000](#). [Larger quantities should be in multiples of 1,000](#). [Include in the check order the full line of accounting and the unit identification code](#). The order and shipping time for checks is 90 days. To ensure continuity of operations, DOs should not allow check stock to fall below a [six-month](#) supply. Set reorder levels for when the check stock reaches the nine-month level. Send orders to:

Defense Finance and Accounting Service-Indianapolis Center
[Enterprise Solutions and Standards Directorate](#)
[Tax and Disbursing Division \(DFAS-IN/JFKC\)](#)
8899 E. 56th Street
Indianapolis, IN 46249-2700

As an exception, a DO at a newly established disbursing station symbol number (DSSN) should submit a check order at least [four](#) months before the planned commencement of disbursing operations. [The DFAS Tax and Disbursing Division is the sole check-ordering agency for DoD activities](#). Request cancellations of check orders in writing through [DFAS-IN/JFKC](#). [There is no fee for canceling an order](#), but the contractor will be compensated if an order is canceled after check production operations have begun.

*070302. Check Types

A. Regular Issue Checks. Regular issue checks are standard checks with preprinted DSSNs, serial numbers, and magnetic ink character recognition (MICR) encoding. These are the only instruments that DOs may draw on the account of the Treasury. [A limited number of disbursing offices use unnumbered checks \(without preprinted DSSNs, serial numbers, or MICR encoding\) controlled by preprinted inventory control numbers \(ICN\)](#). These offices require special check-writing equipment to prepare these checks (see subparagraph 070302.C).

* B. Unnumbered Checks. Unnumbered checks are regular issue checks controlled by preprinted ICNs rather than preprinted DSSNs, serial numbers, or MICR encoding, and are for use only by DFAS sites. Under ITFM 4-5035.15, systems that prepare these checks must have a post-print verification unit to read and verify certain critical data after the optical character reader-B (OCR-B) and MICR data are printed. These data elements are the OCR-B check symbol, serial number dollar amount, and the entire MICR line. The system must internally calculate the check digits for the check symbol and serial number on the MICR line and verify correctness; compare the MICR data with the OCR-B data; and verify both the OCR-B and MICR data with the data from the input source. If any character fails to verify correctly, the check or checks must be rejected, marked “void - not negotiable,” and then reprinted.

C. Test Grid Checks. Test grid checks provide the format of the check by grid lines to test or align automated check-writing and bursting equipment. They are white with a non-reproducible blue test grid (eight vertical lines per inch and ten horizontal character positions per inch). They are printed for government-wide use. Ignore the date and dollar boxes since they are not preprinted on checks. Test grid checks are not for issuance.

D. Specimen Checks. Specimen checks are identical to unnumbered checks except that they are overprinted with the words “SPECIMEN CHECK – NOT NEGOTIABLE” in black ink in a type size of at least 18 points in the signature space, with an ICN Alpha prefix of “X” in the numbering sequence. Safeguard specimen checks the same as blank checks. In the absence of a specimen check, use a blank check marked “Void - Not Negotiable, No Check Issued Under this Number,” if available; otherwise, use a piece of paper or card of check size 7 3/8 inches in width and 3 1/4 inches in length. When ordering, the contractor determines the numbering sequence based on the ending number of the previous order.

E. Individual Formats. See ITFM 4-5020.20.

*070303. Check Features

A. General. Disbursing activities may issue only multi-hued, standard size checks (7 3/8 inches in width and 3 1/4 inches in length) against the Treasury’s account.

B. Pre-encoded Magnetic Ink Characters. Certain information is encoded in MICR format along the lower edge of regular issues. The MICR area extends across the width of the check from positions 14 to 54, 5/8 inch up from the bottom of the check. The MICR line consists of a 9-digit check serial number in positions 23 through 31, a 9-digit routing transit number (RTN) in positions 34 through 42, a 5-digit check symbol number in positions 49 through 53, and the appropriate MICR symbols citing preprinted symbol and serial numbers.

C. Check Serial Numbers. When all serial numbers of a DSSN have been used, Treasury’s Bureau of the Fiscal Service (Fiscal Service) will assign a new DSSN for the next supply of checks. Accordingly, as serial numbers of checks issued approach 99,999,999, the DO should notify the Fiscal Service’s Check Analysis Branch (CAB) through the Treasury

Initiatives Division (dfas.bean.zpf.mbx.treasuryinitiativesmailbox@mail.mil) to facilitate assigning a new DSSN before the next supply of blank checks is ordered. In this instance, the DO should allow 30 days in addition to the time normally required to print and deliver the checks for the proof to be changed.

D. Check Numbering. Initial orders for serially numbered checks must specify that the numbers begin with 00,001,000 and end in “##, ###,999.” Serial numbers on subsequent orders must follow in exact sequence.

* E. Additional Imprinting and/or Numbering. On formats E, G, GS, I, K, and M, agencies may order additional printing and/or numbering on the statements:

1. Number Only. Print the check number on the face of the statement in optical character recognition (OCR) black.

2. Personalized Imprint Only. Print personalized information on the face of the statement in OCR black (include address of issuing DO).

3. Number and Personalized Imprint. Print the check number and personalized information on the statement face in OCR black.

070304. Emergency Checks

A. Orders. Place emergency check orders as a last resort and keep emergency check orders to a minimum. Send emergency orders for checks to [DFAS-IN/JFKC](#). Include the DSSN for which the checks will be issued, the name of the DO, and justification for the order. Specify the check quantity, sufficient to last until regular issue checks can be received, in multiples of 1,000. If applicable, include the unfilled check order number and date of that order in the request. Use emergency check stocks completely before using any new stock of regular issue checks. Request cancellation of emergency check orders in writing to [DFAS-IN/JFKC](#). No fees are charged for canceling emergency check orders.

B. Check Stock

1. In emergency situations, DFAS sites with equipment capable of printing the DSSN, serial numbers, and related MICR encoding on blank check stock can produce the necessary check stock for DoD disbursing offices. Produce emergency check stock only on a print system with a post-print verification feature to ensure the integrity of the printed and MICR encoded DSSN and serial numbers, and where internal control procedures will prevent issuing duplicate payments bearing the same DSSN and serial numbers. Notify the Fiscal Service's CAB of the DSSN and serial number ranges involved before using these checks. Do not use the emergency checks to compensate for a DO's failure to order checks using normal procedures.

2. An example of an emergency situation is when office A has a fire that destroys its entire check stock. [DFAS-IN/JFKC](#) requests that a DFAS site create a limited supply of checks for office A to last until regular stock is available through normal channels. The check stock created bears office A's [DSSN](#) with check serial numbers in the 90-99 million range under arrangements with the [Fiscal Service's](#) CAB. Another example is an unexpected military deployment.

070305. Receipt of Treasury Checks

A. Receipt. Upon receipt of a check shipment and based on a representative sample, the DO or designee verifies that all checks have been received, examines the accuracy of the printing, and verifies the check symbol/serial numbers in the upper right corner of the checks and in the MICR field. Open any box bearing evidence of tampering and individually count each check. An acknowledgment to the vendor of receipt of the checks is not required. If shipment is by means other than registered first class mail, the vendor mails an "Advice of Shipment" form to the ordering activity when it ships the order. The upper portion of the form describes the checks being shipped and the lower portion is an inspection receipt report. After receipt and verification of the check order, sign the form and send it to [DFAS-IN/JFKC](#).

B. Warranty. The vendor provides a 120-day warranty on checks it produces, beginning [with](#) the day the checks are delivered to the user. The office that receives the checks is therefore responsible to determine any obvious defects or missing stock before the warranty period expires. Otherwise, the vendor may not be liable for making replacements.

C. Defective Check Shipments

1. If checks are missing from the shipment, or check stock is in some other way defective and replacement is warranted, contact [DFAS-IN/JFKC](#). If checks are damaged upon receipt, the DO should contact the trucking company; if checks were sent by registered mail; contact the U.S. Postal Service ([USPS](#)) to initiate a claim for damages.

2. If a check shipment is received that contains more than one check with the same check serial number, in addition to the notification to [DFAS-IN/JFKC](#), the DO must destroy each check bearing a duplicate number. Since the remaining checks bearing these same serial numbers may be issued in the normal manner, do not report check serial numbers of the duplicate checks as zero dollar amounts in the check issue report. Mark the checks bearing the duplicate numbers "VOID - NOT NEGOTIABLE" and destroy them locally within 30-days.

3. If checks are discovered missing in the receipt verification process or at any time thereafter, notify both [DFAS-IN/JFKC](#) and the nearest DoD Component investigative service for referral and liaison with the U.S. Secret Service (USSS).

4. If checks are received that are intended for another disbursing office, immediately contact [DFAS-IN/JFKC](#) for instructions regarding the shipment.

070306. Transfers between Disbursing Officers

Count checks transferred between DOs as a part of the relief from disbursing duty process by both the transferring and the receiving parties when they are not in the original packages (see Chapter 2).

070307. Security, Storage, and Issuance of Blank Checks

A. Store blank Treasury checks in a secure container (see Chapter 3). Keep them in the DO's or deputy DO's (DDO) safe or under lock and key. The DO ensures that the condition of storage prevents any deterioration of the surface tint and design of the check, which are sensitive to moisture, light, and heat. The DO may accept checks which bear printing of a satisfactory color and strength and, if subsequent deterioration occurs, obtain a replacement supply. Check stock may be stored in safes or vaults to which both the DO and the primary DDO have access. Only one individual should be given primary responsibility for maintaining the check stock and related control records. Access by others should be limited to occasions when the principal custodian is absent.

B. The DO maintains control of the check stock and is accountable for it at all times. In cases of joint custody, the DO ensures that no break in accountability occurs, to provide for access to the check stock during periods of brief or unexpected absence of the single individual who exercises normal day-to-day responsibility for the check stock.

1. A DO maintains a blank check control log for each series of checks used to maintain a perpetual inventory of checks on hand and control their release. Include in the blank check control log the date, beginning and ending check numbers, balance of checks on hand, initials of the persons advancing or receiving checks, and initials of persons receiving or returning checks. DOs that use unnumbered roll stock use the ICNs rather than check numbers. The DO or designee must examine the blank check control log daily to ensure that all checks drawn and checks returned unused are accounted for and that no checks have been removed without authority.

2. Using the prescribed blank check control log:

a. The DO issues blank checks to check writers from the check stock in blocks of appropriate size by serial numbers, and monitors the return of blank, voided, or spoiled checks to the vault. The DO also uses the control log to control issuance and return of checks between the DO and sites external to the disbursing office that prepare checks.

b. The DO must obtain receipts for checks issued. The person(s) in charge of the working stock must keep a record of checks issued daily to each clerk, examine daily the record of checks drawn and returned unused by the clerks to account for checks issued, and ensure that no checks are removed without authority.

c. The DO or designee must inventory the check stock not less than once every 90 days. Any open container must be inventoried by an individual count of

the checks contained therein. Open all damaged cartons of checks, or those bearing evidence of tampering, and individually count the checks. Keep a record of the inventory on hand in the disbursing office and provide it to the cash verification team for attachment to the quarterly cash verification report.

3. When blank checks are lost or stolen:

a. The DO immediately notifies the Commander, the nearest office of the USSS by message or telephone, and [Treasury's Fiscal Service at telephone number \(304\) 480-7777](#), confirming notification with a letter to the [Fiscal Service's Security Division, 3700 East-West Hwy, Room 149B, Hyattsville, MD 20782](#), with copies to the USSS, appropriate DoD Component investigative service, [DFAS-IN/JFKC](#), and appropriate local banks. Include the DSSN, ICNs or serial numbers of the checks involved, a statement giving complete information concerning the loss or theft, and the date the loss was referred to the USSS for investigation.

b. If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range are required. Void all checks discovered to be missing, lost, or stolen before issuance, and report the circumstances following [ITFM 4-5030.20](#).

0704 ISSUANCE OF TREASURY CHECKS

070401. Check Preparation

A. [General](#). Issue checks in strict numeric sequence within each series. The information essential to a check includes place and date of issue, [DSSN](#), serial number, payee, amount, signature of drawer, designation of title, and other identifying information. Do not print legends such as "Salaries and Expenses" or "Drawn for Above Object" on the face of a checks. Check explanations (e.g., exchange-for-cash or salary) and other special information unique to each disbursing activity may be entered at the bottom of the check to the left of the signature area. Keep extraneous data to a minimum. Spaces allotted on the printed check form for specific information are only for their intended purposes. Do not leave any spaces unfilled in a manner that would allow or facilitate alterations and additions that could lead to forgery or fraud.

B. [Check Completion](#). A completed check must have an orderly appearance and good legibility for accurate reading in rapid handling. Avoid overprinting, intersecting, and crowding. No check may be issued for more than \$99,999,999.99. In instances when the total payment exceeds that amount, issue two or more checks that total the payment required. No deviation in the check-writing procedures is permitted unless authority is first obtained from [DFAS-IN/JFKC](#).

070402. Check Print Requirements

A. General. Data printed or typewritten on checks will be permanent and not affected by erasure, smudging, moisture, handling, the passage of time, or by other methods that might intentionally or unintentionally be **used** to remove or alter the printing without affecting the check itself.

1. Impact printers may be used. Laser type printers where the toner fuses the print into the check may be used. Do not use laser type printers which only lay an image on the surface of the paper. Do not use correctable ribbons for manual preparation of checks, as they lack the permanence required to protect against undetectable alteration.

2. The physical characteristics and layout of the blank check determine the correct position of the date, amount, payee name, and DO's signature. Avoid deviations from the normal positioning of this information. To standardize printing and facilitate accuracy verification, inscribe words on checks in all capital letters. Omit punctuation except commas used in addresses and to set off names of two or more payees.

B. Pay to the Order of. Inscribe the payee's name on a check to ensure positive identification.

1. To ensure correct endorsement and for other reasons established by custom, the payee's surname should appear last; the correct order is first name, middle name or initial, and last name. Where the payee has an often used surname (e.g., "R T Jones" or "J G Smith"), the use of initials only, instead of the full given name is inadequate to provide positive identification of the rightful payee. An initial in lieu of a first name **is permissible** only in cases where the payee's legal given names consist of initials only. In these cases show the words, "Initials Only" after the initials; the length of the surname would leave insufficient space for the full first name; or where the check-writing system makes the use of a first name impractical, in which case show other positive identifying data, e.g., the payee's social security number (SSN) or address on the check.

2. While not a violation of the Privacy Act, when entering a payee's SSN on the check, inscribe it in a location where it will not be visible in the envelope window if the check is mailed. When checks are to be mailed, exercise care to assure that the full and complete address of the payee is entered on the checks or envelopes, including rural route numbers, box numbers, house numbers, zip codes, and any other information needed for correct delivery.

C. Date. Print the date on the right side of the check below the DSSN and check number or at the top of the check immediately to the right of and on a line with the place of issue with a base line 9/32 inch from the top of the check. Check signers equipped with date bands may be used as long as the location of the stamped date does not interfere with preprinted data or other data to be printed or typed on the check.

D. Numeric Dollar Amount. Print the numeric dollar amount in the upper right quarter section of the check above the signature of the DO and below the [DSSN](#), in horizontal alignment with the name of the payee or the amount in the body. Completely fill the allotted area with the money amount, preceded by a dollar sign, e.g., \$****123.45. Leave no space unfilled that otherwise might be susceptible to use for fraudulent insertion. To reduce opportunities for amount alterations, use neither zeroes as fill-in characters preceding the money amount nor commas in the money amount.

E. Written Dollar Amount. Printing the amount in the body of a check in words offers greater protection against the alteration of amounts. If a disbursing activity determines that substantial savings in the cost of issuing checks would result or that space is limited, it may use figures only, without any spacing within the amount, in one of these formats: \$50and75cents; \$50and75/100; or, \$50.75.

F. Other Special Information. Print special information (e.g., distribution code, computer or typewritten check serial number, or explanations for check issuance) at the bottom of the check to the left of the signature area. When checks are drawn for public vouchers or payroll payments, the DO, at his or her option, may insert the disbursing office voucher number or, if applicable, the bureau voucher number.

G. Drawer's Signature. Each check issued must bear either the DO's manual or approved facsimile signature, or the manual signature of a DDO appointed following Chapter 2. Manual signatures should generally agree with specimens previously submitted to the agency official responsible for maintaining specimen signature files. Checks drawn by a DDO are signed below the printed, typed, or stamped title of the DO for whom he or she is acting, as follows:

Disbursing Officer

by _____, Deputy
(Deputy DO's Signature)

Use permanent dark blue, blue-black, or black ink for signatures on checks (whether manual or by facsimile signature). The ink should not be subject to fading and not readily soluble in water.

[070403.](#) Erasures and Alterations

DOs must not release checks with erasures, alterations, overprinting, or imperfect figures or letters. Spoil or void such checks and [issue replacements](#).

070404. Record of Checks Issued

Each DO must maintain a record of checks issued by their DSSN. The record must contain at least these data elements: payee, amount, DSSN, check serial number, and date of the check. Other information as to the purpose for which the check was issued, document number, voucher number, and local identification code or number is optional and subject to the discretion of the issuing DO. The record may be kept on paper, diskette, or electronic medium designed for data processing use. Include copies of check issue records with the retained disbursing records.

070405. Supporting Documents

Attach documents and payroll vouchers used to support the record of checks issued to the original vouchers submitted to the supporting DFAS site. Do not transmit them to the Treasury with the check issue reports. Submit [electronic files](#) formatted for check issue reporting to the DFAS site for consolidation and entry into the Defense Check Reconciliation Module (DCRM). [Send requests for the DCRM Users' Manual to DFAS.dsc.zte.mbx.cco-dcrm@mail.mil](#). Include all the necessary data for Treasury's reporting purposes in the electronic flat file. See section [071407](#) for Standard Form (SF) 1179, Month End Check Issue Summary, submission requirements.

0705 CHECK SIGNING MACHINES**070501. Machine Specifications**

Select check signing machines that meet Treasury regulations and standards. Impact check signers using rubber signature dye or approved laser check printers containing digitized signatures may be used. The machines should have the following features:

A. A dating device capable of placing the date either immediately above or to the right of the words "UNITED STATES" (It is preferable to have the signature and date imprinted in a single operation; if the check writing equipment also imprints the date, the check-signing equipment does not need to have this capability.);

B. A mechanism capable of processing paper checks (Offices issuing checks with detachable stubs ensure that the mechanism's feeding device [can](#) handle this type of check); [and](#)

C. A key-controlled DO signature feature or a removable computer chip containing the digitized signature for laser check printers with digitized facsimile signature capability (Keep the key and/or the chip controlling the signature capability in a locked safe or vault or under other equally effective safeguards when not in use).

070502. Signature Media

A. Requisition

1. General. Upon receipt of orders to disbursing duty, the prospective DO contacts the disbursing activity to determine if check signing equipment is available and obtains all necessary information, i.e., type of equipment, model, serial number, and number of plates or digitized chips required. If the prospective DO already has a compatible signature medium, he or she requests DFAS-IN/JFKC send it to the new location. Otherwise, he or she sends three specimen official signatures to the new duty station for use in procuring a new medium. The signatures must be in black ink on blank, unlined, 3 by 5 inch white cards and accompanied by a statement designating the number to be shown on the medium as explained in subparagraph 070502.A.2.

2. Request for Procurement. Upon receipt of the specimen signatures, the outgoing/relieved DO immediately prepares and forwards a request for procurement to DFAS-IN/JFKC for approval and forwarding to the contractor. DFAS-IN/JFKC ensures sequential numbering of the medium. The purchase order must include the statement:

“Signature plates for impact type check signers are rubber stamps containing the prescribed facsimile signature of the DO. Digitized signature media are normally Dual In-Line Memory Module or Single In-Line Memory Module computer chips or computer diskettes containing the DO’s signature that is loaded to the laser printer check signing software.”

Also include the following information:

- a. The type, manufacturer’s name, model, and serial number of the check signing machine;
- b. Whether the signature plate or digitized signature medium is for a machine currently in use;
- c. If the plate or digitized signature medium is to be used on a new and undelivered machine, refer to the procurement papers for the machine including the manufacturer, type, and model; and
- d. The plate number and the name of the DO.

3. Numbering. Treasury regulations require that the signature media of each DO be numbered in sequence in the lower left corner of the border beginning with the number 1. Include on each order the next sequential number for the affected DO.

4. Multiple Media. Normally, a DO and authorized DDOs use only one signature medium. Multiple signature **media** may be obtained only upon approval of **DFAS-IN/JFKC**. Requests for additional **media** must **include** justification of the need for more than one medium. If the check signing machine uses one set of two plates for signing, additional **media** may be obtained only upon approval of **DFAS-IN/JFKC**.

B. Format and Quality of Impression. **DFAS-IN/JFKC** will not accept facsimile signatures that do not meet required standards. Design facsimile signature **media** so that the frame or border which encloses the facsimile signature is a single wavy line that contains no identifying characteristics. Characterize the impression of the signature with sharp lines, a continuous and homogeneous deposit of ink, absence of filling, and absence of pronounced ribbon pattern.

C. Approval. Upon receipt of the signature **media**, the DO whose signature is reproduced runs 14 specimens of each facsimile signature, certifies two of the copies as true facsimiles, and mails all 14 copies to **DFAS-IN/JFKC** with a memorandum requesting approval of the facsimile to sign checks. The reply of approval authorizes use the check signing machine. In the case of Cummins check signing machines, the contractor produces 14 specimen copies of each **medium** and mails them to **DFAS-IN/JFKC** which compares the specimens to the originals on the purchase order, and sends the approval to the disbursing office. If the specimens do not match or the **medium** does not meet required standards, **DFAS-IN/JFKC** advises the contractor and requests correction. Do not sign checks by facsimile signature before receipt of **DFAS-IN/JFKC** approval.

D. Custody. The DO establishes and implements controls necessary to prevent unauthorized use of signature **media**. Maintain custody receipts for all signature media held by authorized deputies, and a record of each run of checks through the check signer and reconcile this report with the report of checks issued. When not in use, keep signature **media** in an approved safe or vault. If the signature **media** are not removable from the check signing machine, keep the keys to the machine in an approved safe or vault.

E. Use. Check signing by signature **media** should be performed by **only** the DO or designated DDOs. When considered necessary for efficient operation of the disbursing office, the DO may authorize (in writing) the holder of a specified position other than a DDO to perform **this** function. Do not appoint individuals as DDOs solely to sign checks by signature **media**.

F. Destruction

1. Signature Medium. If a signature **medium** is to be withdrawn from service (e.g., not to be used again, DO retiring from service), or is unserviceable, destroy it locally. This **destruction** must be by someone other than the DO and **be** witnessed by two individuals equal to or senior in rank to the DO.

a. **Before** destruction, the DO verifies the signature plate number or serial number of the digitized signature medium, and witnesses the information on the certificate of destruction.

b. Identify in the certificate of destruction the typed name, title, grade or rank of the DO; complete mailing address of the disbursing station; date and method of destruction; DSSN; typed name, title, grade or rank of the witnessing individuals; the DO's signature; and a statement as to whether or not the digitized signature medium had to be loaded to a printer or check signer software.

c. If a signature plate is destroyed, include in the certificate of destruction the specific plate number and an inked impression of the plate.

2. **Digitized Medium.** If a digitized medium containing the DO's signature is destroyed and that signature had been loaded to a printer or check signer software, the DO verifies that the signature has been permanently removed from the printer or check signer software. The DO signs the certificate of destruction only after the actual destruction of the signature medium. Immediately upon destruction, the DO **sends** the original certificate of destruction to **DFAS-IN/JFKC** for inclusion in the DO's DSSN file, and **keeps** a copy of the certificate at the disbursing office. **DFAS-IN/JFKC** compares the signature plate number **or** digitized signature medium serial number listed in the certificate of destruction to the original purchase documents to verify the actual destruction of signature **media**.

G. **Disposition.** When a signature medium is expected to be used again at a new duty station, send it to **DFAS-IN/JFKC** for safekeeping.

0706 PROMPT DELIVERY OF CHECKS

070601. General

Once prepared, deliver checks promptly to payees. The DoD requires participation in the direct deposit program for all newly enlisted, reenlisted, appointed (commissioned), or retired military personnel and all newly hired civilian personnel, and 31 U.S.C. 3332 requires that contractors be paid by EFT.

070602. Safeguarding and Handling

A. Properly safeguard checks, handling them as few times and by as few people as practical.

B. Ensure proper custody, signing, and delivery of checks. If checks are handed to the payees, require that payees identify themselves.

C. Promptly return to the disbursing office checks not delivered within the time specified by the DO.

D. Keep checks in a safe, vault, or locked fireproof cabinet pending distribution or return to the DO.

E. Designate personnel engaged in pay delivery activities in writing and supervise them to help prevent any unauthorized, fraudulent, or other irregular activities.

070603. Delivery by Mail

The normal method of check delivery is by mail through the USPS to payees' residential mailing addresses or post office boxes. At overseas activities, payees' organizational addresses are considered their residential mailing addresses; organizational addresses are otherwise not valid. When check delivery by mail is impractical, commanders or their designees may provide specific locations where payees may receive their checks. If checks are mailed to specific locations for delivery, the DO appoints a person in writing at each location to deliver the checks as a designated third party (see paragraph 070605).

070604. Outside the United States

A. Restrictions. Under Title 31 Code of Federal Regulations (CFR), Part 211.1 ([31 CFR 211.1](#)), the Secretary of the Treasury prohibits agencies from sending checks to the Republic of Cuba (except to the Naval Base, Guantanamo Bay) and the Democratic People's Republic of Korea (North Korea). DOs instead withhold payment and establish the liability on their books. Go to the Treasury's [Office of Foreign Assets Control website](#) for a complete listing of specifically designated nationals and blocked persons.

B. Exceptions. The restrictions in subparagraph 070604.A do not apply to checks payable to foreign governments, issued to pay salaries or wages, or for goods or services purchased by the U.S. Government. See [31 CFR 211.3](#).

C. Claims for the Release of Withheld Checks or Proceeds. The agency originally responsible for authorizing the issuance of proceeds processes claims to release them. If an agency withholding payment receives a valid claim, it issues a check and decreases the related liability. If the proceeds of withheld checks were on deposit with the Fiscal Service before April 1976 and are still in deposit fund account 20X6048 (Proceeds of Withheld Foreign Checks), submit requests for payment with an appropriate recommendation to the Credit Accounting Branch, Fiscal Service, Department of the Treasury, PGMC II – Room 622D, 3700 East West Highway, Hyattsville, MD 20782, or send an email to credit.accounting@fms.treas.gov for assistance; the telephone number is (202) 874-8740. The Fiscal Service's Credit Accounting Branch keeps a ledger detailing the balances for all federal agencies that submitted deposits to the 20X6048 account (see [31 CFR 211.2](#)).

070605. Delivery by Designated Third Parties

Personal delivery of multiple checks may be impractical for the DO, or it may not be expedient to mail them to addresses of record. Under such circumstances and with the guidance for delivery of checks noted in paragraph 070602, the DO may deliver or mail checks to a

designated third party for distribution. A third party is any individual authorized to distribute a quantity or bulk shipment of checks to payees. A person who maintains pay accounts or prepares checks is not authorized to distribute checks.

A. Appointment/Termination of Designated Third Parties. A DO may appoint individuals to serve as third parties for bulk check delivery. The Treasury Financial Management Service (FMS) Form 210DA, Designation for Agent to Receive and Deliver Checks, is available for this purpose. Appointments by memorandum must include:

1. The name and title of the appointee,
2. The name and location of the DO,
3. The applicable DSSN(s),
4. The date of the appointment, and
5. A description of the types of checks to be delivered.

A DO may appoint one or more alternates to prevent distribution delays in the absence of the principal. Alternates may also assist in check distribution when conditions warrant. The DO ensures revocation of appointments upon appointee transfer, when bulk delivery is no longer needed, or as other circumstances warrant.

B. Transporting Checks to Designated Third Parties. Package bulk shipments of prepared checks separately from other correspondence and send them by registered mail. Send bulk shipments for a unit or group of units to a third party for distribution or delivery to payees, or reship them to another third party for delivery where the military unit is located. Include only the checks, transmittal letter, and documentation needed for the specific payments.

C. Release of Checks to Other than Payee. Designated third parties may not release checks to anyone other than designated payees. When the payees are absent at the time of delivery, see subparagraph 070605.E for handling checks.

D. Judge Advocate or Investigative Agent Third Parties. If advance payments are issued for witnesses subpoenaed for trial, a representative from a DoD Component investigative agency or a judge advocate charged with serving the subpoena delivers the checks when the payees are absent at the time of delivery.

E. Third Party Disposition of Undelivered Checks. Unless otherwise directed, return checks for payees not present when a third party attempts delivery to the DO before the close of business that day. Inform payees who were absent, or who for other reasons did not get their checks, to call the disbursing office or other stated place to receive them. If locked fireproof file cabinets or safes are available, the DO may authorize the designated third

party to hold undelivered checks for a specified short period. When payees are on extended periods of leave or absence, return their checks to the DO for disposition. Return checks found to be in error to the DO. The DO issues a new check to the payee after appropriate corrective action.

0707 EXCHANGE-FOR-CASH CHECKS

070701. General

A. Accommodations. Accommodation exchange-for-cash checks are allowed only when satisfactory banking facilities do not exist and typically only outside the U.S. See Chapter 4 for a list of persons eligible to receive these checks. These checks may be prepared and issued by DOs for official purposes to a DDO, agent, or cashier as an advance of cash; to the USPS for remitting collections for the sale of postal money orders; or to the Western Union for remitting collections for personal messages of military personnel transmitted over DoD communications facilities to points inside the continental United States (CONUS).

B. Advance Cash. When these checks are issued to advance cash, the DDO, agent, or cashier prepares and sends the DO a signed DoD (DD) Form 1081, Statement of Agent Officer's Account (see Chapter 3). Checks issued as advances must be endorsed to the order of the bank or other institution furnishing the cash or, when cashed by another DO, to that officer by title and activity rather than by name as "Pay to the order of the Disbursing Officer (name of ship, station, activity, or unit)." Make checks issued to remit collections for the sale of postal money orders or personal messages payable to the "Disbursing Officer, USPS," or "Western Union," as appropriate.

070702. Preparation and Handling

When required by security regulations, do not show the name of the remitter and identifying references to invoices on exchange-for-cash checks. DOs may draw these checks payable to themselves, a DDO, or an agent for purposes of obtaining operating cash. When authorized in writing by the DO, for purposes of obtaining operating cash, DDOs may draw these checks payable to themselves. Support these checks with an Optional Form (OF) 1017-G, Journal Voucher (JV), using a separate series of voucher numbers peculiar to the functional area where the voucher is prepared.

070703. Cash Belonging to Deceased or Missing Persons

A. Died or Missing. Exchange cash found in the personal effects of a person who has died or is missing in action for a Treasury check payable to the payee designated by the officer having custody of the personal effects. State the object for which drawn as "Exchange-for-cash; personal effects of (name, rank or rate, file or service number)." Draw a separate check for safekeeping deposits of each such person and the object for which drawn, including the safekeeping deposit number in addition to the information noted above (see Chapter 16).

B. Unknown Whereabouts. Collect **cash** found in the personal effects of a person whose whereabouts are unknown, including absentees and deserters, into account 20X6133, Payment of Unclaimed Moneys, for amounts of \$25 or more, or into account **R1060 (Forfeitures of Unclaimed Money and Property) for amounts less than \$25. Make a separate collection for safekeeping deposits of each person and include the safekeeping deposit number on the collection voucher (see Chapter 16). Give a copy of the collection voucher to the officer having custody of the personal effects.

070704. Exchange-for-Cash Checks Returned as Not Required

Do not cancel exchange-for-cash checks issued for advances of cash to DDOs, agents, and/or cashiers returned to the DO as “not required.” The DDO, agent, or cashier provides the DO with a completed DD 1081 indicating return of the check as prescribed in Chapter 3. The payee’s endorsement on the check is not required. The DO endorses the check and deposits it as prescribed in Chapter 11. DOs cannot accept the return of exchange-for-cash checks from any payee other than a DDO, agent, or cashier. Other exchange-for-cash checks are issued to the purchaser and must be negotiated by the payee.

070705. Exchange-for-Cash Checks Lost, Stolen, or Destroyed

A. When Issued to an Individual. When the payee of an exchange-for-cash check reports the check as lost, stolen, or destroyed, the DO follows [section 0711](#). For unavailable check cancellations (UCC), the DO **may not** issue a recertified payment to the payee **before** receipt of credit for the original check from the Treasury **because the** original check was issued in exchange-for-cash **as opposed to** any entitlement chargeable to an appropriation.

B. When Issued as an Advance of Cash to a DDO, Agent, or Cashier. For lost, stolen, or destroyed exchange-for-cash checks that were issued to advance **cash**, the DDO, agent, or cashier remains accountable for the **cash**.

1. Accountability. The DDO, agent, or cashier accounts for the check as a loss of funds on the DD 1081 (see Chapter 6). A DO may replace the lost check with a recertified payment check (or a new advance of cash) if he or she considers it necessary due to operational requirements, and documents the recertified payment or new advance on a DD 1081. Attach a copy of the [SF 1184](#), Unavailable Check Cancellation, to the DD 1081 to document the status of the lost check and the accountability of the DDO, agent, or cashier.

2. Offset Loss of Funds. After receiving credit for the lost check, the DO prepares a [SF 1080](#), Voucher for Transfers Between Appropriations or Funds, to transfer the credit from the **F3880 (Unavailable Check Cancellations and Overpayments, Suspense) account to offset the loss of funds in the DO’s accountability. Give a copy of the SF 1080 to the DDO, agent, or cashier to document the Treasury’s cancellation of the lost check and use of the credit to offset the loss of funds, and file a copy with the UCC documentation.

3. Negotiated Loss Check. If the lost check is subsequently negotiated after cancellation by the Treasury (in which case, the Treasury will reverse the previous credit), the DDO, agent, or cashier is accountable for the original lost check and must re-establish the loss of funds. Apply normal loss of funds and relief of liability procedures.

0708 CHECK ISSUE DISCREPANCIES

070801. Adjustment of Duplicate Checks

Treasury accepts only one issue/paid record for any given DSSN and check serial number, and will therefore issue a debit voucher to charge the disbursing office for a second check received for payment with the same DSSN and check serial number. Should a DO receive a debit voucher for a duplicate check to which the payee is entitled, the normal presumption is that the wrong original check number was entered on the second check. The DO submits an SF 1184 for the correct original check serial number in order to receive credit, and cross-references it with the memorandum copy of the debit voucher since the disbursing office may need a copy of the duplicate check for claim purposes in the future.

070802. FMS Form 5206, Advice of Check Issue Discrepancy

The Treasury uses the FMS 5206 to notify DOs of check issue discrepancies. This is computer-generated and contains a complete description of the discrepancy. The Treasury furnishes three copies of the form and a copy of the referenced check to the DO to make the required adjustment. The DO makes this correcting entry and changes the amount reported on the check issue report to the actual amount of the check itself (see Table 7-1).

A. DO Action Upon Receipt. Upon receipt of an FMS 5206, the DO researches the check issue data to determine if the payee has been overpaid or underpaid, and collects or disburses the adjustment amount as appropriate. If the payee has not been overpaid or underpaid, but incorrect check issue information has been reported to the Treasury, the DO processes the FMS 5206 on an SF 1179 and an SF 1219, Statement of Accountability, even though the documents net to zero. If offsetting FMS 5206s have not been received, the DO must identify the offsetting error(s) to make the transaction net to zero, and prepare a JV to advise the Treasury of the discrepancy. The DO makes the necessary adjustment to his or her accounts following the guidance in this section.

B. For Navy DOs Aboard Ships. If the FMS 5206 affects a predecessor DO's accountability, send it with a covering memorandum to the office where the monthly financial reports are submitted for processing. If the form is received during the 90-day record retention period, send copies of the applicable check issue record, SF 1179, and disbursement voucher, reproduced from the former DO's retained records, with the form.

C. For another DSSN. A DO receiving an FMS 5206 citing a DSSN different from that of the receiving DSSN sends it with a memorandum to the correct disbursing station, if identifiable. Otherwise, return it to the Treasury with an explanatory memorandum.

D. Corrective Action Previously Accomplished. If a DO receives an FMS 5206 citing a discrepancy which was discovered and reported using a JV, attach a copy of the JV to the FMS 5206 and return it to the Treasury without further action.

E. DO Identifies Check Issue Report Discrepancy before Receipt of FMS 5206. If a DO discovers a check issue report discrepancy after having reported check issues to the Treasury and an FMS 5206 has not been received, the DO must notify the Treasury's CAB in writing to request a reporting adjustment. The CAB issues a Notification of Check Issue Correction-DO Requested for each check it adjusts. The DO forwards all adjustment requests to the CAB within one year. Once a "limited payability" cancellation has occurred, the CAB cannot process the requested adjustment.

070803. Overdrafts

A. Advice of Check Issue Discrepancy. Adjustments of **overdrafts** of more than \$1.00 require collection of the overpayment or, in infrequent cases, a supplemental charge to an appropriation or fund. Upon receipt of the FMS 5206, the DO reviews the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to determine where and how the discrepancy occurred to validate that a discrepancy occurred and determine the corrective action required to resolve it. Unless the FMS 5206 is erroneous (supportable with copies of the documents listed above), record the FMS 5206 on the **DD 2657**, Daily Statement of Accountability. See subparagraph **070803.E** for instructions when the DO identifies the discrepancy after submission of the reports and before receipt of the FMS 5206 from the Treasury.

B. Distribution of FMS 5206

1. The DO completes the first copy of the FMS 5206 and attaches it to the current month's SF 1179 to support line 2(a) (Net Dollar Adjustments to Prior Months).
2. Use the second copy to support the adjusting entry on the SF 1219.
3. If the discrepancy is still unresolved at the end of the month, file a copy in the unclaimed differences file pending final resolution of the discrepancy and preparation of the end of month financial reports (additional copies of the form may be reproduced as required).
4. Retain the original in the disbursing office.

C. Recording Check Issue Overdrafts. Record the FMS 5206 on line 2(a) (Net Dollar Adjustments) of the Summary portion of the SF 1179 and include it in the amount on line 3 (**Net Total**). Also record it on the reverse of the SF 1219. If the discrepancy is unresolved at the end of the month, include the overdraft on line 7.2 (Receivables – Check Overdrafts) of the SF 1219. Keep two copies of all executed FMS 5206s and JVs with supporting documents in an unclaimed differences file pending resolution of the discrepancy.

D. Adjustment before Submission of Financial Reports. In some instances, overdrafts may be discovered before submission of the financial reports (SF 1219 and supporting documents, and the SF 1179) for the period during which the check was issued. A JV is not required if the check is recovered and voided before submission of the check issue report (the unnegotiated check). Normally, this exception applies only to Navy DOs aboard ships and those associate DOs who do not submit daily reports to the central disbursing office.

E. Adjustment After Submission of Financial Reports. When a check issue overdraft is discovered after the financial reports covering the period in which the discrepancy occurred have been submitted, the DO or DDO:

1. Prepares a JV for the overdraft (see Figure 7-2),
2. Posts the DD 2657 to reflect the amount of the overdraft as an increase to Checks Issued and an increase to Receivables – Check Overdrafts at the end of the current reporting period,
3. Records the JV on the SF 1179 (line 2(b) of the Summary portion and included in the amount recorded on line 3),
4. Records the JV on the reverse side of the SF 1219, and
5. Attaches the original of the JV to the SF 1219 and a copy to the SF 1179 for the current reporting period to support the entries thereon.

If the discrepancy remains unresolved at the end of the current reporting period, include the overdraft on line 7.2 of the SF 1219 and keep the remaining copies of the JV for retention in the uncleared differences file. Reproduce additional copies of the form as required.

F. Resolving Check Issue Overdrafts. Resolve overdrafts by collection or supplemental charge to an appropriation. Collection is appropriate when the check was issued **for more** than the payee was actually entitled to receive. Supplemental charges to appropriations are required when the amount of a check is correct but the payment voucher is for a lesser, incorrect amount. Clear the overdraft by one of the methods in this subparagraph. Make no additional entries in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the overdraft has been cleared.

1. Collection. Upon receipt of a collection, the DO prepares a JV to document the transaction and posts the DD 2657 to reflect an increase in Cash (or Deposits Presented or Mailed to Bank) and a decrease in Receivables – Check Overdrafts. This affects only the DO's accountability; no credit to an appropriation is involved.

2. Charge to Appropriation. If an overdraft resulted from an undercharge to the appropriation or fund from which the original check was drawn, the DO prepares an [SF 1034](#), Public Voucher for Purchases and Services Other Than Personal, or a one-sided SF 1081, Voucher and Schedule of Withdrawals and Credits, records it against the undercharged appropriation or fund, and posts the DD 2657 to reflect a disbursement and a decrease in Receivables – Check Overdrafts. Do not issue a check for this transaction.

3. Charge to Military Pay Appropriation and Pay Account Checkage. Clear overdrafts caused by undercharging the appropriation for military pay and allowances by actions described in Volume 7A to ensure posting of proper charges to a member's master military pay account. Prepare either an SF 1034 or one-sided SF 1081 to describe the transaction in complete detail, charging the accounting data shown on the original payment voucher. Do not issue a check in this transaction. Post the DD 2657 to reflect a disbursement and a decrease in Receivables – Check Overdrafts.

[070804.](#) Underdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of more than \$1.00 require supplemental check issues to the payees or credits to appropriations or funds. Upon receipt of the FMS 5206, the DO reviews the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to identify and validate that a discrepancy actually occurred and determine the corrective action required.

1. Cash Collection Voucher. Unless the FMS 5206 is erroneous (and this can be supported with copies of the documents listed above), the DO prepares a [DD Form 1131](#), Cash Collection Voucher, crediting the underdraft to deposit fund account **X6999 (Accounts Payable – Check Issue Underdrafts). Record the DD 1131 and FMS 5206 on the DD 2657 as a decrease to Checks Issued and an increase to Collections. The DO's total accountability is unchanged.

2. Reporting Period. At the end of the current reporting period, record the FMS 5206 on the SF 1179 (line 2(a) of the Summary portion) and on the reverse of the SF 1219. See subparagraph [070804.D](#).

B. Distribution of the FMS 5206

1. Attach the first copy to the SF 1179 for the current reporting period to support line 2(a) (Net Dollar Adjustments to Prior Months), and include in the amount on line 3.

2. Use the second copy to support the adjusting entry on the reverse of the SF 1219.

3. File two additional copies with at least two copies of the DD 1131 in the uncleared differences file pending final resolution of the discrepancy and preparation of the end of month financial reports.

4. Retain the original in the disbursing office.

C. Adjustment before Submission of Financial Reports. In some instances, underdrafts may be discovered before submission of the financial reports (SF 1219, supporting documents, and the SF 1179) covering the period during which the check was issued. Do not prepare a DD 1131 if the unnegotiated check is recovered and voided before submission of the check issue report. Normally, this applies only to Navy DOs aboard ships and those associate DOs who do not submit daily reports to the central disbursing office.

D. Adjustment after Submission of Financial Reports. When a check issue underdraft is discovered after the financial reports covering the period in which the discrepancy occurred have been submitted, the DO, DDO, or agent, based on subparagraph 070804.E, prepares a DD 1131 crediting deposit fund account **X6999 (Accounts Payable-Check Issue Underdrafts) and posts the DD 2657 to record a decrease to Checks Issued and a collection. There is no change to the DO's total accountability. At the end of the accounting period, record the DD 1131 on the SF 1179 (line 2b of the Summary portion) and include it in the amount recorded on line 3. Also record the DD 1131 on the reverse of the SF 1219. Attach a copy of the DD 1131 to the SF 1179 submitted with check issue reports. **Keep** two copies of the DD 1131 in the uncleared differences file until the discrepancy is cleared.

E. Resolving Check Issue Underdrafts. **Clear check issue underdrafts using one of the methods described in this subparagraph.** Make no additional entries in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the underdraft has been cleared.

1. Supplemental Check. When the payee is entitled to the amount of the underdraft, prepare an SF 1034 charging deposit fund account **X6999, and draw a check in favor of the original payee. Post the DD 2657 to record a check issue and a disbursement. Total accountability is unchanged.

2. Credit to an Appropriation. If an underdraft discrepancy is caused by overcharging the appropriation and credit is due the appropriation, the DO prepares a DD 1131 to charge deposit fund account **X6999" and credit the appropriation charged on the original payment voucher. Post the DD 2657 to record a collection. Total accountability is unchanged.

070805. Discrepancies of More or Less than \$1

A. More Than \$1. The DO prepares a JV **following** this section to account for a check issue discrepancy of more than \$1.00 for any prior or current month's check issue errors detected by the DO. The DO **does not** have to wait to receive an FMS 5206 from the Treasury but prepares a JV as soon as he or she becomes aware of a discrepancy. Reference the voucher number and date on which the error occurred as well as any other documents affected on all JVs. Do not prepare a JV for check issue errors detected over one year from the issue month of the check.

B. \$1 or Less. Treasury adjusts discrepancies of \$1 or less between the amount of a check reported as issued in Level 8 and the actual amount of the check paid by the Treasury. Issue a supplemental check if a disbursing office receives a claim from a payee for an underpayment of \$1 or less. Include the check as a regular check issue in Section II, Part A, Column 2 and a minus adjustment of prior month's issues in Section II, Part A, Column 4 on the reverse of the SF 1219. Record the amount of the check as a minus adjustment on line 2(b) of the SF 1179.

070806. Adjustments to Financial Reports Previously Submitted

Upon clearance of a check issue discrepancy, remove the file copy of the FMS 5206, JV, or DD 1131 from the uncleared differences file and **use** one of the following annotating legends "See Deposit Ticket No. __, dated __;" "See Check No. ____, dated __;" or "See Adjustment Voucher No. ____, dated __," as appropriate. Attach the third copy to the document affecting the clearance of the outstanding accountability item in the accounts of the DO for submission with the SF 1219. Retain the fourth copy in the disbursing office files as a record of the completed action on adjusting the discrepancy.

070807. Erroneous Information Reported on the FMS 5206

If, after review of the FMS 5206, copy of the check, disbursement voucher, and check issue report data, the DO determines that the check was paid for an amount different **from its original** issue amount, return the FMS 5206 to the Treasury with a memorandum stating the reason for returning the document without action. Support the memorandum with copies of the documents used to determine that the FMS 5206 is in error. Generally, the situation described above is indicative of a bank processing error or alteration of the check by the payee. In either event, the explanatory memorandum that returns the FMS 5206 to the Treasury **is** sufficiently clear to enable the Treasury to initiate reclamation action through the banking system.

070808. Relief of Liability

Both underdrafts and overdrafts are either illegal, incorrect, or improper payment irregularities in the DO's accounts. The DO has the authority and the means to correct underdrafts. Overdrafts frequently are not within the power of the DO to correct. If a check issue overdraft resulted in overpayment of a payee, the overpayment amount is an erroneous payment debt. When the DO has attempted to contact the payee and failed, or when the payee has been notified and has neither the ability nor the inclination to make restitution, the DO transfers the debt to the supporting DFAS site for further collection action. In order to meet standards for relief of liability, transfer uncollectible overdrafts to the supporting DFAS site within 90 days. After the debt has been transferred, relief of liability for the illegal, incorrect, or improper payment may be requested (see Chapter 6).

070809. Internal Control Report for FMS Forms 5206

A. General. The DO prepares an internal control report listing all FMS 5206s received during the month. Each FMS 5206 is supported with an explanation of how the error occurred and a description of the internal control measures initiated to prevent further errors.

B. Preparation. The DO records FMS 5206s on either a manual or automated log immediately upon receipt to ensure all forms are accounted for, and updates the log during the month with explanations for cause and the preventive internal control measures after the research has been accomplished.

C. Method of Submission. The DO provides the internal control report to the Commanding Officer (supporting DFAS site for DFAS DSSNs) by the 10th workday of each month. The recipient reviews the report for management purposes. Mail a copy of the report to DFAS Tax and Disbursing Division (DFAS-IN/JFKC), 8899 E. 56th Street, Indianapolis, IN 46249-2700 or email DFAS.bean.zpf.mbx.treasuryinitiativesmailbox@mail.mil for monitoring to ensure compliance with prescribed regulations and analyze problem areas. The disbursing office keeps a copy of the report in the disbursing office files for one year.

0709 SPOILED AND VOIDED CHECKS

070901. Spoiled Checks

A. General. When a check is spoiled during the issue process, the handling and replacement methods depend on whether or not it has been reported to the Treasury as issued with a dollar value greater than zero, and the payee's entitlement to the payment.

1. If a check is spoiled in the check issue process and has not been reported as issued, void the check and follow paragraph 070902.

2. If a spoiled check has been reported as issued with a dollar value greater than zero, it cannot be voided. Cancel the check using the check cancellation procedures in either section 0710 or 0711.

B. Processing. For available spoiled checks, the DO stamps the check, "Not Negotiable-For Deposit Only; Credit of DSSN ####," deposits the check using a deposit ticket, and processes an SF 1098, Schedule of Canceled or Undelivered Checks, to credit the proceeds of the check to the appropriation from which it was issued following subparagraph 071005.A.

1. For mutilated checks that are not acceptable for deposit, the DO follows procedures for unavailable check cancellations, processing an SF 1184 (Unavailable Check Cancellation (UCC)) using stop code "A" or "D" (at the discretion of the DO based on the facts available), and issuing a recertified payment in accordance with the recertification provisions applicable to the stop code used on the SF 1184; see section 0711.

2. If the check was spoiled during the check production process and has not been released or mailed to the payee, the recertified payment voucher requires certification by a certifying officer. The SF 1184 is automated; Treasury's Fiscal Service no longer accepts manually prepared SFs 1184.

C. Exchange-for-Cash Checks. An exchange-for-cash check does not have an appropriation associated with it. Therefore, if the spoiled check is an exchange-for-cash check, the DO processes an SF 1184 using a stop code "D," and upon receipt, transfers the budget clearing account **F3880 credit to the Treasury's **X6501 (Small Escrow Amounts) deposit fund account.

1. Since the credit in **X6501 is the basis for issuing a recertified payment for the exchange-for-cash check, transfer the credit before replacing the check. Once the credit is established in the **X6501 account, prepare an SF 1081 to issue a new check charging **X6501 for the disbursement

2. The recertified payment voucher requires certification by a certifying officer. Since these vouchers do not originate from an entitlement area, a certifying officer should be appointed to certify these types of payments. Although the DO may not appoint the certifying officer, an individual under the DO's direct supervision may be appointed as a certifying officer only in limited situation (see Chapter 5).

D. Record of Spoiled Checks. DOs maintain a record of spoiled checks in either electronic or manual form that must be part of the Record of Checks Issued. This record must include the original spoiled check number and date; the original voucher number; the replacement check number and date; the voucher number of the SF 1098 or recertified payment, whichever is applicable; the payee; and the amount of payment. Keep this record as a permanent part of the DO's retained records subject to the retention and disposition policies for check issue records as prescribed in Volume 1, Chapter 9, Financial Records Retention. As this record does not satisfy the requirement to maintain the recertified payment data on the DO's DD Form 2662, Recertified Payment Register, record spoiled checks that are replaced with recertified payments on the form, per paragraph 071102.

E. Certification of Payroll Officer. If a civilian payroll check payee requests issuance of a recertified payment in a name other than the name printed on the original check, the DO obtains a signed statement authorizing the name change from the payroll officer who certified the original payroll before issuing the recertified payment. The DO attaches the statement to the retained copy of the payroll.

070902. Voided Checks

Void a check that is misprinted or mutilated during the issue process or is determined not to be a proper payment, and has not been reported as a check issue with a dollar amount greater than zero. Report destroyed unused and lost or stolen blank checks as voids. Render checks voided by the DO nonnegotiable by typing or stamping the words “Void - Not Negotiable: No Check Issued Under This Number,” or “Void – Not Negotiable: Replacement Check Issued Under Check Number XX,XXX,XXX” as appropriate.

A. A check reported to the Treasury under check issue reporting procedures in a dollar amount greater than zero may not be voided under any circumstances. Process the check as either an available or unavailable check cancellation, as appropriate, following subparagraph 070901.B.

B. If the payment associated with the voided check is otherwise proper, replace it with the next available check in the series and in the same format used for the original voided check. Annotate the original voucher, the copies of the voucher, and the check issue log to indicate the original check was voided and the number of the replacement check used for the payment. See paragraph 071404 for reporting voided check issues.

070903. Storage

The DO stores spoiled and voided checks in the vault or safe, segregated from other checks.

070904. Disposition

A. Destruction. The DO destroys spoiled and voided checks locally on a quarterly basis by either burning or shredding. If destroyed by burning, they must be burned completely. If destroyed by shredding, the fragments may be no larger than 1 inch wide and 1/4 inch long. In either event, prepare a certificate of destruction (see Figure 7-3), signed by the DO and at least one witness, listing the serial numbers and method of destruction. For unnumbered checks controlled by a preprinted ICN, list the voided check by the ICN on the certificate of destruction.

B. Verification. The DO and at least one witness examine the checks to verify they are the actual checks to be destroyed, verify the check numbers and DSSN with information on the certificate of destruction, and sign the certificate only after witnessing their actual destruction.

C. Certificate of Destruction. Prepare this in an original and one copy. Include the complete mailing address of the disbursing station; date and method of destruction; DSSN; serial number or ICN of each check; typed name, title, grade or rank, and signature(s) of the witness(es); and typed name, title, grade or rank, and signature of the DO. List each check in

numerical sequence, except that when destroying blocks of checks, show the beginning and ending numbers in the series (see Figure 7-3). Include the original certificate with the monthly disbursing financial reports, and keep a copy in the DO's blank check inventory control records.

0710 AVAILABLE CHECK CANCELLATIONS

071001. General

CEBA requires that Treasury checks be negotiated within one-year of their issue dates. DOs may cancel checks within this one-year period when the check is drawn under the DO's own DSSN, under the account of a predecessor DO of the same activity and DSSN, or under an account being settled by the DO. A DO may not cancel a check over one-year old. Checks may be canceled when the disbursing account is closed or current, or the proceeds of the check are for repayment to an appropriation or fund account which is current or expired. DOs cancel Treasury checks in their possession within three workdays of receipt in the disbursing office.

071002. Exceptions

A. Stamp original checks recovered by or returned to a DO after being processed with an SF 1184, "Not Negotiable, Previously Treated as Canceled-SF 1184 dated _____." The DO retains the checks in their safe or vault for 90 days and then shreds them. Note the date of destruction on the DD 2662 and supporting documentation. A DO receiving a returned check for an activity or DSSN that is no longer in operation stamps the check "Not-Negotiable" and sends it to the successor or settlement DO.

B. For checks involving holder-in-due-course claims, see section 0713.

C. If substantial portions of mutilated checks are missing, see [ITFM 5-5030](#).

D. For checks that are at least one-year old from the date of issue (stale dated), see paragraph 071001.

071003. Undeliverable Checks

The DO keeps a record of undeliverable checks on [DD Form 2658](#), Returned and Undeliverable Check/Bond Record, with the dates the checks are returned, check numbers, check dates, amounts, payees, voucher numbers, disposition, and dates of disposition. An electronic system is acceptable to record undeliverable checks if it includes all of the information required on the DD 2658, and is accessible for a six-year, three-month period. The DO provides the information or a copy of DD 2658 to agents, cashiers, and appropriate entitlement offices for their use. Do not remove undelivered checks from the safe or vault or allow deputies, agents, or cashiers to hold them except for immediate delivery to payees, or for cancellation and deposit.

A. Safekeeping. DOs keep undeliverable checks in a safe or vault, filing them in an order best suited for ready identification when claimed or for mailing upon obtaining a proper address. At a minimum they:

1. Open mail with returned Treasury checks in the presence of two people,
2. Limit access to the returned U. S. Treasury checks processing area to those individuals responsible for processing the checks, and
3. Secure the checks in a locked container if there is a delay between the time the checks are received and when they are defaced.

B. Time Limit for Holding Undeliverable Checks. DOs attempt to deliver checks to the proper payees. If delivery is not accomplished within three workdays of receipt, dispose of them as follows:

1. Cancel undelivered checks held by the issuing DSSN, credit them to the issuing appropriations or a suspense account, and deposit them (see subparagraph 071005.D).
2. Except as provided in subparagraph 070605.E, a DO other than the one that issued the original undeliverable checks returns them to the issuing DO by registered mail or by another method of delivery with the ability to track the shipment. Mail the checks and the reason(s) for non-delivery within three-workdays to the issuing DSSN. If the address of the issuing DSSN is unknown, contact the DSSN Management Section, Tax and Disbursing Division (DFAS-IN/JFKC), 8899 E. 56th Street, Indianapolis, IN 46249-2700, or send an email to DFAS.bean.zpf.mbx.treasuryinitiativesmailbox@mail.mil for assistance.

C. Undeliverable Due to Death of Payee

1. Deceased Military Members. The issuing DSSN cancels checks payable to deceased military members promptly and credits the value to the individual's pay account pending payment to a properly designated beneficiary.
2. Deceased Civilian Employee. See Volume 8.
3. Other Payees. Deposit checks drawn to other deceased payees as undeliverable checks. Obtain an SF 1055, Claim against the United States for Amounts Due in the Case of a Deceased Creditor, processing it following either Volume 8 or 10. See paragraph 071006 for the accounting data chargeable and references required on the voucher.

D. Checks Undelivered at Time of Relief. When a DO is relieved by another DO or the DSSN is deactivated and disbursing for that activity is assumed by another activity due to consolidation, transfer of function, or other reason, the relieving DO or gaining activity assumes custody of and processes the undelivered checks. If the DO is transferred from

disbursing duty without a relief or the disbursing function is not assumed by another activity, process the undelivered checks as collections on an SF 1098 and deposit them whether or not the three-workdays holding period has elapsed. Send the DD 2658 to the office designated to settle the DO's accounts.

E. Special Actions on Canceled Checks Held by the Disbursing Office

1. Military Payrolls. When cancelling a military pay and allowances check, the DO follows Volume 7A and processes the adjustment to the Master Military Pay Account.

2. Civilian Payrolls. When cancelling a check in payment of civilian pay, the DO notifies the payroll preparing office to make the appropriate payroll adjustment.

071004. SF 1098, Schedule of Canceled or Undelivered Checks

A. General. Credit a check that is undelivered within three-workdays of receipt in the disbursing office to the appropriation originally charged using an SF 1098 prepared in triplicate. In the appropriate columns, show for each check the month and year of issue, check serial number (and DSSN if different from the DSSN shown in heading of the form), name of payee, applicable voucher number, amount of check, and accounting data credited.

B. Lack of Accounting Data. If the proper appropriation to be credited cannot be determined immediately, collect the amount of the check into account **F3875 (Budget Clearing Account, Suspense). Include on the SF 1098 all information available as to the identity and location of the payee of the check. Keep a copy of the documentation in a separate file to support each item in the suspense account. The DO acts aggressively to identify the proper appropriation and removes the item from the suspense account as soon as possible. If the proper appropriation remains unknown after 60 days, transfer the funds to Treasury's miscellaneous receipt account **R1060 on SF 1081.

071005. Disposition of Canceled Available Checks

A. General. Process canceled check transactions authorized by this section in a manner similar to that for collections. Upon receipt of a check to be canceled, prepare an SF 1098 as the collection voucher and credit the appropriation originally charged for the payment. Show all lines of accounting charged and credited on the original disbursement voucher, assign a collection voucher number, and print it and the date of collection on the reverse of the canceled check. Deposit the canceled checks for credit to the DSSN used by the DO canceling the checks. Only the DO's endorsement stamp is required.

B. Defacing Returned Checks. Stamp the face of each Treasury check to be canceled, "Not Negotiable." Ensure that the stamp is in a color other than black (preferably red) and is of prominent enough size to remove all possibility of negotiation.

C. Deposit Ticket. Deposit canceled checks on a deposit ticket separate from other negotiable instruments. DOs with Over the Counter Channel Application (OTC.net) capability may deposit their canceled checks through this system. The same process used for accommodation checks may also be used for canceled Treasury checks.

D. Frequency of Deposits. Checks received for cancellation need not be deposited daily, but may be held in the DO's safe or vault pending preparation of a consolidated deposit ticket. Send deposits to the Federal Reserve Bank (FRB) no later than the 25th of the month of receipt. Process checks received for cancellation during the remainder of the month as collections but, if desired, retain and deposit them in the following month. All CONUS DOs deposit canceled Treasury checks with the nearest FRB. DOs in Alaska, Hawaii, and foreign countries deposit them with the general depository normally used for making deposits for credit to the Treasury's General Account. See Chapter 11 for deposit reconciliation requirements.

071006. Claims for the Proceeds of Canceled Available Checks

When a claim is received for the proceeds of a canceled available check and all or a portion of the amount is due the claimant, the disbursing office that collected and deposited the original undeliverable check pays the claim on payroll or other vouchers prepared, processed, and certified the same as a current payment. This does not preclude an undeliverable military paycheck from being canceled by the issuing DO so that the member may be paid at a new duty station. Use an SF 1034 to make these payments and charge them to the accounting data credited on an SF 1098, referencing the original undeliverable check by serial number, amount, DSSN, month, year, and account in which the undeliverable check was collected. Pay claims received for items transferred to the **R1060 account from the 20X1807 (Refund of Moneys Erroneously Received and Covered) account. Record the claim and its disposition on the DD 2658.

0711 UNAVAILABLE CHECK CANCELLATIONS

071101. General

Cancel unavailable Treasury checks less than 12 months old reported to the DO as lost, stolen, mutilated, or not received by the payee following this section, or when the payee is not entitled to a check's proceeds. Such situations include death of the payee before the check issue date, non-receipt of a recertified payment by the payee when the original check has been received and cashed, receipt of a cash payment and a check payment for the same entitlement, and loss of the check after the payroll is prepared and the payee is a military member already transferred.

A. Payees have one-year from the date of issue of the check to file a claim of non-receipt with the issuing disbursing office, which then submits an SF 1184 to the Treasury within 13 months of the issue date. The Treasury has 18 months from the date a check is paid to reclaim monies from the financial institution if the payee files a claim of forgery or unauthorized endorsement.

B. Checks unavailable to the payee and/or the DO and for which entitlement to the payment exists may be replaced by a new check called a recertified payment check. Such a payment bears a new check serial number and is vouchered, certified, and recorded as a new disbursement following this section. Control, cross-reference, and track original and recertified payments indefinitely or until both have been paid, recovered and destroyed, or canceled.

071102. DD Form 2662, Recertified Payment Register

Maintain DD 2662 to provide the necessary cross-reference and control over UCCs. An electronic log is acceptable if it contains the required information and is accessible for six-years and three months. This form requires information to identify the original check serial number, date, amount, payee, status as provided by the Treasury, identifying information regarding the recertified payment, payee's claims, and collection information.

071103. SF 1184, Unavailable Check Cancellation

A. General. The SF 1184 is required for all cancellations covered by this section. The servicing DFAS site reports each unavailable check to be canceled to Treasury using this form. Bulk losses of original checks require the preparation of an SF 1184 for each check.

1. Use this form to stop payment, obtain photocopies, or check the payment status of unavailable Treasury checks. Input stop reason codes to designate the desired action. Although this form attempts to stop payment on a check, there is no true stop payment action. The payee may still negotiate the check, and the DO is responsible to recoup the money.

2. If a check is presented for payment after Treasury has given the DO a credit to the **F3880 account, Treasury will reverse the credit and provide the DO the documentation, including a photocopy of the paid check. The DO must then research and take the appropriate corrective action, including collection efforts when dual negotiation has occurred. See subparagraph 071103.B for guidance on preparing and submitting an SF 1184, and paragraph 071109 for guidance on handling the credits and reversals of credit in the **F3880 account.

B. Processing. Use the DCRM's UCC subsystem to process SFs 1184, and transfer them to the Treasury biweekly. See User Instructions for Disbursing Offices for appropriate procedures. Contact the supporting DFAS site for questions on the SF 1184.

Defense Finance and Accounting Service-Cleveland

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071104. Claims of Non-receipt, Destruction, Loss, or Theft

A. Payee Request for Claim

1. Treasury will deny a claim of non-receipt, destruction, loss, or theft of a Treasury check issued on or after October 1, 1989 unless it is presented by the payee to the issuing disbursing office within one year from the date of issue.

2. The disbursing office will document the claim on an SF 1184 and process it through the supporting DFAS so the Treasury receives it within 13 months of the check-issue date. If Treasury denies a cancellation credit, it issues a Daily Advice of Status (DAS) with one of the status codes in *ITFM 4-7045.20c*. The DO advises the payee of the check status.

3. If the check has been negotiated and the payee wishes to continue the claim process, he or she initiates FMS Form 1133, Claim Against the United States for the Proceeds of a Government Check, and FMS 3858, Claims Document, both of which are available in Appendix 6, *ITFM 4-7000*.

B. Disbursing Officer Action. The DO sends these forms, the photocopy of the check, and any other supporting documentation for the claim to Treasury for processing. If the payee files an FMS 1133 to claim forgery or unauthorized endorsement against the check, a recertified payment is not authorized before receipt of a FMS 3859, Claims Disposition Notice (CDN), from the Treasury (see subparagraph 071112.D).

071105. DD Form 2660, Statement of Claimant Requesting Recertified Payment

A. Payee Request

1. A payee who reports the loss, theft, mutilation, or non-receipt of a Treasury check submits a written statement to the DO. The *DD 2660* is the preferred form for the required statement, but a DO may accept a signed letter from the payee in lieu of that form provided that the letter contains the required information and the certification statement found on the DD 2660.

2. A payee who submits a statement in lieu of the DD 2660 must include the payee's name, SSN, and address; member's name and SSN if different from the payee; type of payment entitlement; whether the check was received and if so, whether it was lost, stolen, destroyed, or mutilated; whether the check was endorsed by the payee or had a limited endorsement such as "for deposit only"; circumstances surrounding the loss, theft, destruction, or mutilation if the check was received; and the signed statement of certification of the payee. The statement must contain the signed certification statement exactly as cited above blocks 12-15 on the DD 2660. Failure to include this statement could hinder collection efforts if a dual negotiation occurs. Also, if the payee is the one that negotiated both checks, the statement could also be used to establish fraudulent intent.

B. Disbursing Officer Action.

1. Upon receipt of the signed statement, the issuing DO or settlement officer completes the information required to identify the check (e.g., issue date, check number, amount, voucher number). Before processing an SF 1184, the DO must verify that the check has not been returned as undeliverable by verifying that the check is not listed on the DD 2658.

2. If the check is listed and the disposition indicates that the check was re-mailed at a later date, the DO notifies the payee of the later mailing date and allows two weeks delivery time before processing the claim of non-receipt. If the check has not been returned and enough time has passed to allow for mail delivery, the DO uses the information on the DD 2660 to process an SF 1184 to cancel the unavailable check. Do not submit an SF 1184 involving non-receipt of future dated checks, such as those issued for pay and allowance entitlements, before the date of payment.

3. Do not process an SF 1184 involving non-receipt until the third working day after the check payment date. For each claim received, establish an individual case file containing the written request for a recertified payment (DD 2660); documentation pertaining to the SF 1184; the DAS; copies of vouchers evidencing the transfer of the **F3880 credit; the issuance of the recertified and original payments, if obtained; and all other applicable correspondence concerning the case.

4. The DO sends a copy of the claimant's DD 2660, or other written statement, and a copy of the SF 1184 documentation to the appropriate entitlement area, which must certify that the entitlement for payment still exists before the DO may issue a recertified payment.

071106. Daily Advice of Status

A. General. With the exception of the transmittal documents, Treasury returns a DAS on every SF 1184 received. An essential control technique is for DOs to keep a complete file of SFs 1184 submitted. Periodic review of the file will show, either by copy of the

DAS or by copy of the agency receipt copy of batch transmittals that the Treasury received and processed all submissions. Follow-up incomplete file items within 30 days through the supporting DFAS site by telephone and, if necessary, by submitting a second SF 1184 (see I TFM 4-7045.20c).

B. Status Code “11”. Once Treasury has issued a DAS with a status of “Outstanding check canceled, agency credited,” future requests to cancel or obtain photocopies of the canceled check will receive a response status code “11,” indicating the canceled check has been paid. A photocopy of the check will not be available until the check is presented for payment through the banking system. Therefore, once a disbursing office has received a DAS with a status code of “Outstanding,” no additional SFs 1184 may be submitted for that check number. If the original check is ever presented through the banking system for payment, the DO will receive notification that the Treasury has reversed the credit to the **F3880 account. Treasury will then provide a photocopy of the original check, a claims document, and the claim forms (FMS 1133s and 3858s).

071107. Payments, Accounting Claims, and Enhanced Reconciliation System

A. General. Treasury’s PACER-on-Line (POL) system is available to obtain digital check images and view check status on-line. It only contains information and images for checks issued since October 1997. Digital images are available only for paid checks. The time for receiving an image depends on how the image is requested (either on-line or batch), how long the image has been in the FRB archive, and whether or not the image has ever been requested before. Images under six months old or have been previously requested within the past 30 days are available for immediate viewing. Images archived by the Federal Reserve System in the preceding six months will normally be available within a few hours of the request; images archived for more than six months will usually be available within 24 hours.

B. Inquiries. The Inquiries on Payments and Claims option allows inquiries on the status of a single payment or multiple payments at the same time. The POL system is available for use Monday through Friday from 6 a.m. to 12 midnight Eastern Time. No software purchase is required to access this system. See the POL website under Equipment Requirements for system requirements. To request access to the POL system, contact Treasury’s Check Resolution Division, Office of the Director at (202) 874-7620.

071108. Authorization to Issue Recertified Payments

A. General. Treasury has delegated authority to DOs to replace checks originally issued by them (see 31 CFR 245 and 248), to include checks lost, stolen, or destroyed both in transit and after receipt by applicable payees. DOs may also issue a recertified payment when the SF 1184 is prepared if, based on the facts available, the payee receives immediate replacement and the risk of loss from overpayment to the payee is low. Subject to the restrictions in the following paragraphs, DOs may issue recertified payments as replacements for original checks any time commencing with the submission of the SF 1184. The circumstances associated with each unavailable check govern this timing.

B. Limitations

1. Do not issue a recertified payment check if:

- a. The payee of the original check is not entitled to the proceeds,
- b. The payee died before the original check issue date,
- c. Insufficient mail time has lapsed from the date the original check was mailed or re-mailed to allow for its delivery and possible return,
- d. The payee has an outstanding obligation which the payment can offset, and/or
- e. The original check is more than 12 months old.

2. Consider all circumstances of situations involving high-dollar-value unavailable checks, payees involved in adverse actions that could result in early discharge or termination, or nonpermanent employees with no vested retirement benefits or sustained work history before issuing a recertified payment. Also consider the payee's ability to repay in cases of double negotiation and the possibility of offsetting a double negotiation against money, other than salary, due the payee. For deactivated and closed DSSNs:

a. The designated settlement office normally issues these payments. In some situations, e.g. consolidation, the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office may issue a recertified payment for the deactivated or closed office.

b. Except as prescribed in subparagraph 070901.C, issue recertified payments only as a disbursement from the appropriation charged for the original check or, if that appropriation is no longer available, a current appropriation available for the same general purpose subject to limitations on its use.

C. Issue before Receipt of Check Status. Delays in issuing checks may affect military and civilian employees' personal financial affairs, DoD relations with private business, and other intangible benefits. Immediate issuance of replacement checks may thus be appropriate. DOs may use stop code "A" on the SF 1184 to support immediate check issuance to replace undelivered, lost, stolen, mutilated, or destroyed original checks issued under their DSSN if less than 31 days have elapsed since the check issue date. Limit this service to:

- 1. Military and civilian personnel for payment of pay and allowances;
- 2. Banks, credit unions, and other financial institutions unless the DO decides that obtaining the Treasury status is in the government's interest before issuing a replacement;

3. Agencies of the U.S. Government;

4. Foreign governments (If doubt exists as to the status of a foreign payee, treat the payment as a foreign business transaction and issue a recertified payment only after receipt of the Treasury status as prescribed in subparagraph 071109.D.); and

5. Any composite/consolidated check regardless of amount.

D. Issue after Receipt of Check Status. Submit UCCs using stop code “D” or “G” and issue a recertified payment only after the Treasury reports the check status as outstanding for:

1. Foreign businesses and contractors where check payment is made to addresses or financial institutions outside the United States,

2. Payees who have previously negotiated both the original check and the replacement check issued to replace it,

3. Payees who have received more than three replacement check payments in the past six months or more than four in a 12-month period,

4. Payees who report non-receipt of a recertified payment,

5. Payees requesting replacement of an original check more than 30 days old, and

6. Payees other than a deputy, agent, or cashier requesting replacement of an exchange-for-cash check.

E. Issue When Check Status Is Paid. Do not issue a recertified payment check when the DAS from the Treasury indicates the check status is paid. See paragraph 071113.

071109. Accounting for Recertified Payments

A. General. Treasury provides credits for canceled unavailable checks and charges resulting from negotiation of previously canceled unavailable checks through budget clearing account **F3880. This account is restricted to unavailable check transactions; do not use it for any other purpose. It is available to hold credit or chargeback amounts only pending identification of the appropriation or fund charged for the original check issuance. Do not charge the **F3880 account directly for any payment, but transfer amounts in this account to the original appropriation as expeditiously as possible. Do not allow transactions in this account to become stale or unidentifiable, as an unidentifiable balance may result in a DO loss of funds and an associated pecuniary liability.

1. Exchange-for-Cash Checks. As indicated in section 0707, these generally are for advances to deputies, agents, or cashiers; or as accommodation exchanges for payees' benefits. Exchange-for-cash transactions are not charged to an appropriation or fund. If a deputy, agent, or cashier loses such a check, treat the loss as a physical loss of funds under Chapter 6. If the Treasury determines the check to be outstanding, apply the unavailable check credit to offset the loss of funds. If the unavailable check is negotiated later and the Treasury reverses the credit, re-establish the physical loss of funds. If a payee who received an exchange-for-cash check as an accommodation service loses the check, apply the unavailable check credit to reimburse the payee for the loss.

a. Transfer the **F3880 amount to deposit fund account **X6501 and charge the latter account for the disbursement. Issue the recertified payment check only after receipt of the **F3880 credit. Do not disburse from **X6501 account before receipt and transfer of the **F3880 credit.

b. Use discretion when authorizing recertified payments to individuals for lost exchange-for-cash checks issued as accommodation exchanges based on the risk associated with recovery of the funds if dual negotiation occurs.

c. If the exchange-for-cash check was for the sole benefit of the payee and risk of loss is high, the DO should consider waiting until the check has been canceled by limited payability.

2. Credits Resulting from Submission of SFs 1184. If an unavailable check is outstanding, Treasury will issue a DAS indicating that the check is outstanding and that it will credit the agency with the proceeds. The Treasury will cancel the check and credit the funds derived from the cancellation to the **F3880 account. DFAS-Cleveland (DFAS-CL) and DFAS-Indianapolis (DFAS-IN) receive cancellation credits from Treasury electronically daily as needed. A hardcopy of the SF 1081 follows the electronic submission. Treasury sends these canceled check proceeds to DFAS-CL and DFAS-IN through the Government On-line Accounting Link System II/Intra-Governmental Payment and Collection system (GOALS II/IPAC), and will reflect any identifying information provided in the original check issue data submission as detail in the credit transmission.

3. Reversals of Cancellation Credits. If a canceled unavailable check is negotiated by a financial institution after cancellation by Treasury, Treasury will reverse the cancellation credit and provide a DAS indicating the check has been negotiated and the credit reversed. Treasury generates an SF 1081 and other documents to report reversals of cancellation credits to DFAS-CL and DFAS-IN. These documents indicate the total dollar amount of the credit or charge entered into the DO's **F3880 account. The SF 1081 is the DO's documentary evidence that Treasury Fiscal Service entered the credit or charge to the **F3880 account. Credits and charges are listed separately and are not commingled on the same SF 1081. DO's record the amounts as increases or decreases to their **F3880 account.

B. Agency Reporting of Treasury Fiscal Service Transfers to the **F3880 Account. Treasury transfers to the **F3880 account via IPAC, and the monthly IPAC Transaction Detail Report documents them. After receiving an SF 1081 and recording the credit or charge to the **F3880 account, the DO prepares a JV to clear the credit or charge from the that account, returning the funds to the appropriation charged or like fund that has been identified. At the end of each month, the DO reports the JV transactions on line 2.39 (line 2.8 for electronic versions) of the SF 1219 (see Chapter 15). The accounting cutoff date for credits and charges transferred to the **F3880 account from Treasury is the second-to-last business day of each month. Account for transactions processed after that date in the next accounting month.

C. Distribution. Under 31 U.S.C. 3334(a)(2), return canceled check proceeds to the appropriation(s) charged when the check(s) were originally issued, and treat the canceled check(s) as account(s) payable. Within 15 days of receipt, DFAS-IN and DFAS-CL send the check cancellation and credit detail information to the disbursing office (except as noted in subparagraphs 071110.C) that issued the check(s), and to the disbursing offices' supporting accounting offices. Any reversal of previous cancellation credits issued by Treasury should also be sent in the same manner to the applicable disbursing and accounting offices.

1. DFAS-CL and DFAS-IN send the check credit information including the details applicable to the disbursing accounts that DFAS-Columbus (DFAS-CO) manages to DFAS-CO. DFAS-CL processes or distributes cancellation credit information for Marine Corps disbursing offices.

2. DFAS-CL posts monthly, upon receipt, the current Agency Location Code (ALC) 1700 reports on the Recertification and Payability Detail website for use by DOs and its supported accounting offices. The **F3880 reports are cumulative, only the latest are accessible.

D. Accounting Office. When the accounting office receives canceled check credits, it transfers them from **F3880 to the original appropriations charged when the payments were made, and establishes accounts payable. If a DO replaces an unavailable check before receiving credit from Treasury, the accounting office establishes an account receivable in the appropriation or fund charged for the original check, removes the receivable upon receipt of the credit, and transfers the reversal of a previous credit from **F3880 to the original appropriation.

E. Review of **F3880 Balances. The DO reviews the **F3880 account monthly to ensure necessary actions are taken to clear these transactions. Each time the DO's account is transferred, the incoming DO validates balances in this account (see Chapter 2). If the departing DO cannot provide the incumbent DO with documentation supporting the **F3880 items, the departing DO processes the unsupported items as losses of funds under Chapter 6.

F. Research. Upon receipt of a DAS indicating cancellation credit or reversal information from the supporting DFAS site, the DO initiates research on the check issue data submitted to Treasury to ensure the accuracy of the detailed information, i.e., the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal which must agree with the original check issue data reported to Treasury. Research any

discrepancy in this data to determine its cause and correct it. In the case of a reversal, the DO determines if a dual negotiation occurred by verifying the status of the replacement check. The DO submits an SF 1184 on the replacement check using Stop Reason Code “F” for non-entitlement.

1. If the check for the recertified payment is outstanding, the DO receives a credit to offset the charge for the reversal previously received. If the check has been paid, the DO receives a photocopy of the paid check, a claim form, and a claims document. If both the original and recertified payment checks have been negotiated, the DO begins collection action as outlined in paragraph 071113. The disbursing office must also notify the appropriate entitlement or subject matter area (e.g., military pay, civilian pay, travel pay, or commercial accounts payable) that Treasury has returned a credit to the activity because the check was not negotiated or has reversed a credit previously received and provided a copy of the DAS.

2. The DO requests the accounting department re-obligate funds to cover the issuance of a recertified payment. Once assured that funds are re-obligated and available, the DO may issue a recertified payment check citing the original appropriation. If the original appropriation is closed, use a current year appropriation for the same or similar purpose.

3. When Treasury provides a reclamation credit, the DO requests the accounting department re-obligate funds to cover the issuance of a recertified payment.

G. Entitlement to Payment. When notified that an unavailable check has been canceled, the credit has been received, and a recertified payment has been requested, the appropriate entitlement or subject matter area determines if the liability for payment of the underlying obligation is valid before preparing a recertified payment, which is prohibited if the entitlement to payment no longer exists.

H. Recertified Payments. All recertified payments (including immediate replacements (stop code “A”)) must be vouchered, certified by a certifying officer, and charged to the appropriation or fund charged for the original payment. Recertified payments may be made when the disbursing office submits the SF 1184, or at any time in the claims cycle that is:

1. Before the status of the original check is known, when less than 31 days have elapsed from the date of the original check (see paragraph 071108);
2. After the disbursing office has been advised by the DAS code that the original is outstanding and credit will be provided; or
3. After the credit has been received from Treasury.

Making a recertified payment under the first two provisions listed in this paragraph requires the establishment of an account receivable, supported by a copy of the SF 1184 and/or DAS, in the appropriation or fund for the amount due on cancellation of the original check.

071110. Preparation and Disposition of Replacement Checks

A. General. Prepare and distribute replacement checks in the same manner as regular checks as described in section 0704. If a payee claims non-receipt, loss, or destruction of a replacement check, the UCC procedures in this section also apply to the replacement check.

B. Undeliverable Replacement Checks. Process undeliverable replacement checks under paragraph 071003. The 3-workday limit for holding them does not apply. Cancel them on an SF 1098, crediting the appropriations charged when they were issued and deposit them with the nearest FRB or branch (see paragraph 071109).

C. Returned and Recovered Replacement Checks. When a replacement check is returned by the payee after the original check which it replaced has been found and negotiated by the payee, cancel the replacement check on an SF 1098 and credit the proceeds to the appropriation charged when it was issued. Deposit it with the nearest FRB or branch on a deposit ticket as prescribed in paragraph 071004. Transfer the chargeback to the **F3880 account from Treasury for the negotiated original check to the appropriation charged when the original check was issued.

071111. Check Forgery Insurance Fund (CFIF)

A. General. The CFIF is a revolving fund established under 31 U.S.C.3343 to settle payee/claimant claims of non-receipt when an original check has been fraudulently negotiated. Only Treasury Fiscal Services' Check Claims Branch (CCB) may adjudicate claims of forgery against Treasury checks.

1. A claim against the CFIF is governed by the one-year statute of limitations provided in the CEBA (see section 0712) since a claim against the CFIF constitutes a claim on account of a Treasury check. Therefore, a claim of forgery must be presented within one-year from the date the check was issued, otherwise the claim on the check is barred and the payee is not entitled to payment from the CFIF. Also, the DO must submit an SF 1184 on the check within 13 months from the check issue date.

2. The statutory one-year limit on the claim against the CFIF does not affect the underlying obligation of the government for the payment. If the Treasury determines a check endorsement was forged and the payee's claim meets the statutory requirements, Treasury will institute reclamation procedures to recover the proceeds of the forged check through the banking system.

B. CEBA. The CEBA also sets an 18-month statutory time limit from the date a check is negotiated to accomplish bank reclamation. If the statutory requirements for the claim are met and the proceeds of the check cannot be recovered from the banking system through bank reclamation procedures, Treasury issues the settlement check and charges the payment to the CFIF.

071112. Processing Forgery Claims

A. General. When Treasury determines that an original check was negotiated and paid by the Treasury Fiscal Service on a forged or unauthorized endorsement, a payee may have a valid claim against the CFIF (see paragraph 071111). The Treasury Fiscal Service's CCB is the approval authority for settlement checks issued to replace checks paid over forged endorsements. The address is: CCB, Check Resolution Division, Payment Management, Fiscal Service, Department of the Treasury, 3700 East-West Highway, Room 800D, Hyattsville, MD 20782. Treasury Fiscal Service issues settlement checks out of the CFIF if it determines that the payee or special endorsee has established that:

1. The payee or special endorsee presented a timely claim of non-receipt, i.e., filed a claim within one year after the date of check issue;
2. The original check was lost or stolen due to no fault of the payee or special endorsee;
3. The original check was negotiated and paid by Treasury's Fiscal Service on a forged or unauthorized endorsement of the payee's or special endorsee's name; and
4. The payee or special endorsee has not participated in any part of the proceeds of the negotiation or payment of the original check.

Treasury Fiscal Service does not charge the CFIF for losses resulting from negotiation of checks issued to deceased payees or to payees who were not entitled to the payment.

B. DO's Action. A payee reports the loss, theft, or non-receipt of a U. S. Treasury check, and follows paragraph 071105. A DO whose research determines that the check was negotiated requests a digital image of the check. For checks issued on or after the date of October 1, 1997, see paragraph 071107 for instructions on how to obtain a digital check image using the POL System. For checks issued before the date of October 1, 1997, DOs use the SF 1184 process to determine the check status (see paragraph 071103). When follow-up action with Treasury Fiscal Service is required, DO's prepare and submit an FMS Form 3864, Agency Recertification and Follow-up, at [ITFM 4-7060](#), Enclosure 11.

C. Payee/Claimant's Action. When the check status is "Paid," Treasury provides a photocopy of the original check, FMS 1133, and FMS 3858. If, after examining the check copy, a payee/claimant who denies having negotiated the check completes and signs the FMS 1133 and returns it along with the check copy to Treasury Fiscal Service. FMS 1133s and FMS 3858s are combined four-page form sets. FMS 1133 is for the payee's declarations and information concerning the unavailable check, and the FMS 3858 is the claim reference document that contains the necessary information for U.S. Treasury Check Claims Operations to identify the check. Attach a copy of the FMS 3858 to any correspondence with Treasury concerning the unavailable check.

D. Treasury Fiscal Service Action. Upon receipt of the FMS 1133, the CCB reviews the claim form. If the FMS 1133 is not complete, the CCB returns it to the payee/claimant with a letter advising of the corrections needed. If the payee/claimant admits negotiating the check or does not return the FMS 1133, take no further action. Consider an FMS 1133 complete when all questions are answered and all required signatures are present. If a payee/claimant signs by mark, the mark must be witnessed in the space provided. If the FMS 1133 is complete, the CCB advises the DO of the status of the claim using a CDN and begins the adjudication process. If the CCB determines that the payee/claimant was not involved in the negotiation of the check and did not participate in the proceeds from the check, it settles the claim by initiating a request to issue a check to the payee/claimant or transfer the funds to the DO as follows:

1. Stop Reason Code A. If the criteria for settlement from the CFIF are met, the CCB charges the CFIF and transfers credit to the DO via IPAC and sends a CDN to the DO with the message “Forgery Established – Treasury is Crediting Your Account.” The DO transfers the credit to the correct appropriation and reissues the payment, using the CDN as supporting documentation.

2. Stop Reason Code D. If the CFIF settlement criteria are met, the CCB issues a settlement check to the payee/claimant charging the CFIF and sends a CDN to the DO with the message “Forgery Established – A Settlement Check Is Being Sent to the Payee.”

3. Stop Reason Code E. For checks greater than \$25, Treasury Fiscal Service credits the DO for deceased payee checks once it receives the reclamation credit from the financial institution. For checks of \$25 or less, the CCB issues a CDN with the message “Paid-The Issue Amount Is \$25.00 Or Less. No Further Action Will Be Taken.”

4. Stop Reason Code F or G. If forgery is substantiated, the CCB requests reclamation action against the financial institution, refers the case to the USSS, and sends a CDN to the DO with the message “Forgery Established. Claim Valid But Settlement Not Appropriate Based On Your Non-entitlement Code. Treasury Will Credit Your Account When The Funds Are Collected.”

E. Appeal Process. If the CCB denies a claim, a payee/claimant may appeal in writing to the CCB. The appeal must be postmarked no later than 60 days after the date of the denial letter. The appeal must include a copy of the denial letter, a signed statement, and any additional information or documentation for further investigation. The appeal must also include the check and symbol number identified in the denial letter.

071113. Collections of Double Negotiations

A. General. A double negotiation occurs when an original check and its replacement have both been reported as paid by Treasury. The loss actually occurs on negotiation of the replacement check; the order in which the checks are cashed is irrelevant. A double negotiation is an illegal or improper payment for purposes of pecuniary liability. The DO initiates collection action to recover illegal or improper payments made by his/her office. If the

payee separates from government service, the DO is still responsible to pursue collection action. Normally, collections for illegal or improper payments are one-time cash refunds or lump-sum collections by salary offset, and do not warrant installment liquidation. Limit installment repayments to cases of extreme personal hardship.

B. Collection Action

1. When Treasury notifies a DO that it has reversed a credit to the **F3880 account from a previous cancellation, the DO researches the situation to ascertain if a double negotiation has occurred by determining the payment status of the replacement check. Once a Treasury response confirms a double negotiation, the DO immediately begins collection action. Afford the payee due process rights of collection specified in Chapter 28 in each case. Normally, the most effective means of achieving expeditious recovery is to present the payee a photocopy of the paid original and replacement checks and a copy of the claimant's signed statement acknowledging he/she was not entitled to both the original and recertified payments, and to enforce the agreement contained therein. Due process rights of collection include the opportunity for the payee to contest the validity of the debt. In cases of double negotiation, the payee's right to complete an FMS 1133 provides this opportunity.

2. If the payee asserts that one of the checks was negotiated over a forged endorsement, delay collection until Treasury's CCB adjudicates the payee's forgery claim. If Treasury determines the check was forged, the payee does not owe the debt. If Treasury denies the payee's claim (i.e., Treasury determines the check was not forged), the full amount of the check is due and subject to immediate collection. If the payee fails to provide the properly completed FMS 1133 within the time frame allowed to present documentation as to why the debt is not owed, he/she is deemed to have acknowledged the debt and the DO takes immediate collection action. In either situation, complete collection action within 90 days of the receipt of the DAS from Treasury indicating the canceled unavailable original check has been paid, or within 90 days of receipt of the CDN from Treasury indicating the payee's claim of forgery is denied, as applicable to the circumstances of each individual case.

3. The DO documents all attempts to collect illegal or improper payments. If all reasonable steps have been taken to collect and the illegal or improper payment becomes locally uncollectible within the 90-day time limit, the DO transfers the debt to the appropriate office designated to pursue collection of locally uncollectible debts. See Chapter 28 for debt collection processes. If the dual negotiation involves a check issued to a contractor or vendor, see Chapter 28 for applicable debt collection procedures. Although the debt is transferred to another office for further collection action, the DO remains pecuniarily liable for the illegal or improper payment until the debt has been collected or relief has been granted; see subparagraph 071113.A.

C. Determination of Fraud. Double negotiations could indicate fraudulent intent or misrepresentation. A DO suspecting this reports it under Chapter 6 for possible investigative and/or disciplinary action. Pursue collection action as specified in Chapter 8.

071114. Relief of Liability for Uncollectible Illegal or Improper Payments

A DO may request relief of liability under 31 U.S.C. 3527 (see Chapter 6).

071115. Separation of Duties

The payment recertification process is subject to the same management controls as other routine disbursements. The same individual may not authorize, process, and review recertified payment transactions; see Chapter 1.

A. The minimum acceptable separation of duties consists of preparation of the SF 1184 by one individual, review and approval of the DD 2660 and SF 1184 by the DO or a DDO. Also the preparation and certification of a disbursement voucher by an individual in the appropriate entitlement area, review and approval of the voucher with supporting documentation by a first line supervisor (other than the DO or DDO authorizing the transaction), and authorization of the disbursement by the DO or a DDO.

B. Where the disbursement voucher is prepared in disbursing because of limitations imposed by automated disbursing system processes or the combination of entitlement and disbursing functions into one unit (as is the case at small activities and most tactical units), the DO ensures that the duties of preparing the SF 1184, preparing the disbursement voucher, reviewing the transaction and supporting documents, and preparing the check are performed by different individuals.

0712 TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY

071201. General

Treasury automatically cancels checks issued on or after October 1, 1989 not negotiated by a financial institution within 12 months of the date of issue. This cancellation occurs in the 14th month after the date of the check.

A. Pre-CEBA. Before CEBA's effective date, 31 U.S.C. 3328(a) allowed a Treasury check to be paid (negotiated) any time and 31 U.S.C. 3328(c) provided that the limitation on claims against the Government in 31 U.S.C. 3702 (Barring Act) did not apply to an unpaid (not negotiated) Treasury check. Under the latter, the administrative statute of limitations allows consideration of claims to those filed within six years after they arise. The following examples illustrate these principles.

1. In December 1978, an individual submitted a \$1,000 claim for lump-sum leave to DFAS. In January 1979, DFAS issued a Treasury check to the claimant, who did not negotiate the check until 1986. In this example the underlying obligation is \$1,000 or the amount due to satisfy the claim for lump-sum leave. Since the claim for payment was submitted in 1978, the provisions of the Barring Act were suspended (or tolled), meaning a claim was filed within the required six-year period. Once the Treasury check was issued (1979), the individual also became entitled to a separate claim on that check, which, in 1979, was payable in perpetuity

(31 U.S.C. 3328(a)). Thus, before CEBA, the individual's right to obtain a replacement check based on the claim to the original un-negotiated Treasury check masked the effect of the Barring Act on the underlying obligation.

2. Modifying the example above shows the effect of the Barring Act on the underlying obligation. In addition to the earlier facts, assume further that the individual discovered that he had failed to claim all that was due in December 1978 and that the agency in fact owed him another \$250. He may obtain payment for the additional amount of the underlying obligation only if he submits a new claim for the additional amount to the agency within the six-year period following the accrual of the original claim, December 1978. If, in 1986, however, the individual—in addition to negotiating the check—submitted a claim for the additional \$250, the claim for the additional amount would have been barred since more than six years had lapsed from the accrual of the original claim.

B. Competitive Equality Banking Act of 1987 (CEBA)

1. General. The CEBA established a one-year time limit in which to negotiate a Treasury check. This negotiation period does not affect the obligation underlying the check. The CEBA left the two causes of action separate, one on the underlying obligation and one on the Treasury check.

a. It imposed a statutory limitation on the period during which a Treasury check may be paid and on any claim on account of a Treasury check. It requires the negotiation of a Treasury check within one year of its issuance date and states that any claim on account of that check is barred unless the agency which issued the check receives a claim within one year of its issue date. After this period, a request for payment based on the check is barred.

b. The payee may still be entitled to payment based on the underlying obligation subject to the six-year statute of limitations in the Barring Act. Accordingly, after the six-year period following the accrual of the claim, a check may be issued only if the claimant has tolled the Barring Act by making a timely claim on the underlying obligation. CEBA applies to the example in subparagraph 071201.A.2. If the individual submitted the claim in December 1989 and the check was issued January 1, 1990, a claim on the check expired one year after the date of issue, December 31, 1990. Thus, the individual had to complete his claim on the Treasury check before the one-year period expired in order to obtain a replacement check.

2. Underlying Obligation. The lack of availability of a replacement check does not affect a claim on the underlying obligation.

a. In this example, because a claim for payment was submitted timely (December 1989), the period of limitation as prescribed in the Barring Act was tolled, and a check may be issued even if more than six years has passed. Conversely, if a timely claim on the underlying obligation had not been received, the claim on the underlying obligation is barred and an agency may not issue a check. Therefore, a claimant who submitted a valid claim to toll the statute of limitations on the underlying obligation may obtain a replacement check even if more than six years have passed since the claim accrued or the check was issued.

b. Tolling the Barring Act on the underlying obligation does not permit payment in perpetuity. Entitlement to payment is not unlimited; any appropriate defense remains available to the government. If a claimant waits an inordinate period of time to request payment on the underlying obligation of a Treasury check under CEBA, then Doctrine of Laches (a legal term based on neglect or omission to do what one should, thus warranting presumption that one has abandoned right or claim; i.e., if a payee neglects or fails to file a timely request, the payer can presume that the payee has abandoned the claim) may apply. Further, Treasury records show only if a check has not been presented to it for payment, not whether it was presented to and paid by an intermediary bank.

071202. Treasury Check Payability

Treasury canceled all Treasury checks issued before October 1, 1989. Those issued on or after that date bear the legend "Void After One Year." Treasury will decline payment of checks not negotiated to a financial institution within one year from their issue dates. Financial institutions will advise a payee to contact the check-issuing agency if a check is no longer negotiable. Stamp checks returned to the disbursing office as no longer payable (negotiable) "VOID - NOT NEGOTIABLE" and shred them after confirming receipt of the limited payability cancellation credit. Treasury checks issued before October 1, 1989 have already been mass canceled; shred them without confirmation of receipt of a limited-payability cancellation credit.

071203. Treasury Check Claimability

Any claim on a Treasury check is barred unless it is presented to the agency that issued the check within one-year after its issue date. Since CEBA established a one-year statute of limitations for claims against Treasury checks, DOs must reject all claims against Treasury checks not received before the expiration of the 12-month period of negotiability of the checks as time barred. DOs should notify claimants that claims of nonpayment of the underlying obligations of the government must be filed with the appropriate entitlement office (e.g., contracting officer for vendors or commercial payees, military pay office, civilian pay office, travel office). Under 31 U.S.C. 3702(e), the Secretary of Defense (SecDef) may waive this time limitation on these canceled checks for claims under \$25,000.

071204. Limited Payability Check Cancellation Process

A. General. During the 14th month after the date of issue, Treasury will identify and cancel all checks that have not been negotiated within 12 months from their issue dates. When check issues are not reported timely and are submitted after the limited payability processing period, Treasury will cancel those that are outstanding at the end of the month in which the check issued data is submitted, and credit funds derived from these cancellations to the **F3880 account.

B. Canceled Check Listing. DFAS-CL and DFAS-IN will receive limited payability cancellation credits monthly from Treasury with an SF 1081 and a listing of checks canceled; the listing will include identifying information for the checks canceled. Where possible, Treasury will send the proceeds of these canceled checks through the GOALS II/IPAC

system; the transmission will include any detailed identifying information provided in the original check issue data submission. DFAS-CL and DFAS-IN will forward check credit information including the details applicable to DFAS-CO disbursing accounts to DFAS-CO. DFAS-CL will process or distribute applicable cancellation credit information for Marine Corps disbursing offices.

071205. Reversals of Limited Payability Cancellation Credits

In some cases, checks will be negotiated to financial institutions within one year from the date of issue, but processing in the Federal Reserve System or in Treasury's Reconciliation Branch will prevent the payment from being applied to the TCIS before limited payability cancellation has occurred. In these instances, Treasury will reverse the cancellation credit and provide a copy of the paid check. Reversal transactions will be separate from the monthly cancellation credits.

071206. Accounting for Limited Payability Cancellation Credits or Reversals

A. DFAS-IN, DFAS-CL, and DFAS CO. Under 31 U.S.C. 3334(a)(2), return the proceeds from canceled checks to the appropriation from which they were paid originally and treat them as accounts payable. Within 15 days of receipt, send the check cancellation and credit detail information to both the disbursing office that issued the check and the supporting accounting office. Any Treasury reversal of previous cancellation credits also should be forwarded to the applicable disbursing and accounting offices.

B. Accounting Adjustments. Transfer limited payability credits or credit reversals promptly from the **F3880 account to the appropriation charged when the check was issued. For exchange-for-cash checks, post the credits or reversals to Treasury's deposit fund account 20X6133. The accounting office should establish an account payable for each credit or an account receivable for each reversal. Account for returned canceled check credits as current liabilities, as the amounts are subject to payment on request upon establishment of a valid claim to the funds. Base entries to these new accounts on the transactions recording the return of canceled check credits to an appropriations account, and reductions for replacement payments to the payee or transfers to miscellaneous receipts upon expiration of the statute of limitations.

C. Research. Upon receipt of the detailed limited payability cancellation credit or reversal information from DFAS-IN, DFAS-CL, and DFAS-CO, the DO initiates research on the check issue data submitted to ensure that the detailed information provided is accurate, i.e., the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal, all of which must agree with the original check issue data reported when the check was issued. Determine the cause of any discrepancy and correct it.

1. The DO also researches disbursing records to determine if a claim of loss, theft, non-receipt, etc., has been filed on the canceled check, to include a determination of whether the check was previously replaced by recertified or other type of payment. The disbursing office also should notify the appropriate entitlement area (e.g. military pay, civilian

pay, travel pay, or commercial accounts payable) that Treasury has returned credit to the activity because the check was not negotiated within the prescribed period.

2. Upon the request of an entitlement area, DOs should accomplish the verifications described in paragraph 071005, and advise the entitlement area whether the original Treasury check was canceled, negotiated, or previously replaced.

071207. Claims of Nonpayment of the Underlying Obligation

See paragraphs 071201, 071203, and 071208.

A. Claim of Individual Payees

1. Uniformed Service Members. Submit claims of nonpayment of uniformed service members' (active duty, reserve, retired, and annuitant) pay, allowances, travel, transportation, payments for unused leave, retired pay, survivor benefits; and claims submitted by transportation carriers involving amounts collected from them for loss or damage incurred to property incident to shipment at government expense to the appropriate payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted.

a. Treasury checks issued in payment of obligations relating to uniformed service members' pay and allowance entitlements ordinarily are not issued in response to claims. A payee will not normally present a claim before issuance of the original check, thereby tolling the Barring Act. It may be necessary for the entitlement area to consider the extent to which the Barring Act was tolled during periods of active duty performed by the claimant. Include in the package the original check or facsimile and the original documentation from the claimant. When the claim of a member of the Armed Forces accrues during war or within five years before war begins, the claim must be received within five years after peace is established or within six years after the claim accrues.

b. If the payee submitted a timely claim and has not been paid, send the claim through the appropriate Component's Assistant Secretary for Financial Management to the General Counsel, Office of the SecDef requesting a waiver of the statute of limitations on the claim. If the General Counsel determines that the claimant is entitled to payment of a claim and if a payment voucher is prepared and sent with supporting documentation to the disbursing office, the DO determines if a replacement check should be issued based on the criteria in paragraph 071208.

2. Civilian Pay. Claims of nonpayment of Federal civilian employees' compensation, wages and leave earned by civilian employees of the U.S. Government must be submitted to the appropriate civilian payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Treasury checks issued in payment of obligations relating to Federal civilian employees pay entitlements ordinarily are not issued in response to claims. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment.

3. Civilian Travel Pay. Claims of nonpayment of Federal civilian employees' expenses incurred for official travel and transportation, and for relocation expenses incident to transfers of official duty station must be submitted to the appropriate travel office for determination of entitlement and that a timely claim on the underlying obligation was submitted. Treasury checks issued in payment of obligations for travel pay entitlements ordinarily are issued for claims presented in the form of travel vouchers by claimants. Unlike military and civilian pay cases, the Barring Act's limitation in travel payment cases usually will have been tolled before issuance of the original check when the claimant submitted the travel voucher. If the payee submitted a timely claim and has not been paid, the entitlement office certifies the claim and sends it to the appropriate disbursing office for payment.

4. Residual Claim Categories. Treasury checks are issued to payees to satisfy miscellaneous government obligations. Legal claims under 28 U.S.C. 1346(b) and 2671-2680, the Federal Tort Claims Act, should be asserted by claimant-payees to the entitlement area within the Military Department with tort claim settlement authority over the claim.

a. Similarly, claims for losses incurred incident to government service may be cognizable under 31 U.S.C. 3721, the Military Personnel and Civilian Employees' Claims Act, and should be asserted by claimants to entitlement areas with claim settlement authority, such as the Military Department's judge advocate general. Treasury checks for payment of these types of obligations are issued to settle claims asserted by the claimants.

b. Unlike military and civilian pay cases, the Barring Act's statute of limitations in residual claim cases usually will have been tolled before issuance of the original check when the claimant submitted the claim. If it is determined that the payee has submitted a timely claim and has not been paid, the entitlement office certifies the claim to the appropriate disbursing office for payment.

B. Claims of Commercial Payees. Claims of commercial payees are from vendors, contractors, and individuals under contract for miscellaneous services. Claimants or authorized agents submit these claims to the contracting officer, who determines if the claimant is entitled to payment and then sends the claim with supporting documentation to the disbursing office for payment.

071208. Claim Processing

Upon receipt of a claim approved by the designated settlement authority, a certified payment voucher from the appropriate entitlement area, and the proper supporting documentation, the issuing DO, or the officer assigned to settle accounts for the issuing DO:

A. Verifies cancellation of the original check under either mass cancellation or limited payability;

B. Verifies that credit for the check was received from Treasury and transferred by the accounting office to the original appropriation charged when the check was issued. If receipt of the credit cannot be verified or no information is available locally, the DO prepares and submits an SF 1184 for each check using Stop Reason Code “K” (photocopy), “L” (certified photocopy), or “M” (status), and cites the “Limited Payability Cancellation Replacement Request” in the “For Agency Use” block. This action is also required to ensure cancellation of the check under mass cancellation before making any recertified payment for an obligation represented by a check dated before October 1, 1989. See *ITFM 4-7045.10a* for stop reason codes, status codes, and message responses:

C. Verifies that the original check was not spoiled or voided and reissued using a check bearing another serial number;

D. Verifies that the original check was not previously replaced by a recertified payment check (e.g., was not previously the subject of a claim of non-receipt, loss or theft); and

E. Issues a replacement check upon receipt of a certified payment voucher from the entitlement area, provided that the verifications under subparagraphs 071108.C and D confirm that the original check was not replaced previously. If the original check was replaced previously, the DO reproduces a copy of the payment voucher on which the replacement was issued and obtains a photocopy of the replacement check from Treasury as prescribed in section 0711.

F. Send the copy of the voucher and replacement check to the entitlement area and notify the claimant that the claim was settled previously. To assure the necessary cross-reference and control over the issue of replacement checks, DOs maintain a DD 2662 as prescribed in paragraph 071102.

G. For deactivated and closed disbursing offices, the designated settlement office is normally responsible for issuing a recertified payment for an underlying obligation represented by a check canceled under limited payability. When circumstances warrant (e.g., consolidation), the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office may issue a recertified payment on behalf of the deactivated or closed office.

H. Recertified payments for the underlying obligations represented by a check canceled under limited payability may be made only from the original appropriation or, if it is no longer available, from a current appropriation available for the same general purpose as the original appropriation, subject to the limitations on its use.

0713 HOLDER-IN-DUE-COURSE

071301. General

A holder-in-due-course claim occurs when a non-banking institution negotiates a Treasury check and the check is lost or stolen before being presented for cash or deposit at a financial institution. Submit holder-in-due-course claims in writing to the Treasury Fiscal Service CCB for processing.

071302. Processing Holder-in-Due-Course Claims

Upon receipt of a holder-in-due-course claim, the CCB determines the status of the check. If the check has been negotiated, the CCB returns the claim with a copy of the check advising the holder that the check has been paid and that no further action will occur. If the check has not been negotiated, the CCB provides the holder with an affidavit and indemnity agreement (see Figure 7-4). The holder completes the affidavit and returns it to the CCB. If the check is still outstanding, the CCB issues a settlement check to the holder.

071303. Lost-in-Transit Check Procedure

Lost-in-transit items are Treasury checks that have been negotiated and subsequently lost by a financial institution, lost or stolen between the financial institutions, and/or the financial institutions and the FRB.

A. The nearest FRB Government Check Adjustment Department handles these items if the Treasury checks are less than 1 year old.

B. A DO that receives a request to reissue a check that has not been canceled and is less than 1 year old should return the request to the financial institution advising it to submit the request to the nearest FRB Government Check Adjustment Department.

0714 CHECK ISSUE REPORTING

071401. General

Disbursing offices must report detailed check issue transmittals in a Level 8 format to the Treasury for update to the TCIS with check issue detail. The DoD uses the DCRM for direct submission of the check issue detail to the Treasury.

A. The DCRM sends the check issue files via Connect Direct, an encrypted electronic host-to-host file transfer process. Enter the check issue detail data files into the DCRM database, which generates a daily electronic file to transfer the detailed check issue data to the Treasury. The DFAS administers the DCRM, which tracks the status of all checks on hand and provides inquiry capabilities and reports to reflect issuance discrepancies and acceptance or rejection conditions of reporting.

B. DOs who do not have direct access to the DCRM submit their check issue data to their supporting DFAS sites, following that site's guidance, for upload into the DCRM. Submit the Level 8 check issue data in the most secure method possible, e.g., an encrypted file. DFAS-CL and DFAS-IN have electronic mailboxes for these submissions or other check-issue concerns: DFAS.cleveland-oh.zte.mbx.ccl-mb-checkissues@mail.mil for DFAS-CL, and DFAS.dscc.zte.mbx.cco-dcrm@mail.mil for DFAS-IN. Send requests for the DCRM Users' Manual to the latter address.

071402. Submission Requirements

A. Report detailed check issue data in sequential groups of checks, called transmittals, which uniquely identify the DSSN, accounting month and year, and check series. Submit a new transmittal each time a break in check numbers occurs, or when the issue month changes. DOs reporting check issues for multiple DSSNs submit separate transmittals for each DSSN. A submission of detailed check issue data may consist of one or more transmittals. The DCRM reports check issue detail in blocks by DSSN, check series, and issue Julian date format (YYDDD) to the Treasury.

B. If a check series will not be reported sequentially due to the splitting of a check series range between different locations, uses, or DDOs, the DO reports the split check series range to the DCRM Manager at (614) 701-2109, so an adjustment can be made to record the split check series range in the DCRM. If check series range splits are not noted, the DCRM creates unnecessary management notices about missing and unaccounted checks on its reports. Reporting avoids the additional workload entailed in reviewing and validating these notices.

C. Submit all check issue transmittals to the Treasury no later than the close of business at the end of the week in which the issue dates occur and at month end. DOs who submit their check issue transmittals through their supporting DFAS sites ensure their supporting DFAS site receives their check issue data at least weekly and at month end.

D. Failure to report check issue data timely increases the possibility for loss caused by banking system errors, check alterations, and counterfeits. If a loss results from an altered or counterfeit check as a result of delinquent check issue reporting, the DO may be held liable for the amount of the loss. If the check issue data are not reported into the TCIS, the Treasury will not recognize the check as issued and will not process any actions, such as claims or limited payability cancellation credits, against the check. Also, the Treasury cannot complete a final reconciliation and clearance of a DO's account until all check issue data are received. If the DO is habitually delinquent for 60 days or more, the Treasury may suspend the processing of further print orders for blank Treasury check stock until all delinquent check issue reporting has been accepted into the TCIS.

071403. Disbursing Office Responsibility for Quality of Data Submitted

The disbursing office is responsible for ensuring the check issue data submitted to the Treasury is accurate. DOs notify their supporting DFAS sites immediately on finding an error. See the checklists at Table 7-2 (for DOs) and Table 7-3 (for DFAS sites). The DCRM transmits

the accepted files to the Treasury each business day; but does not change the data. Once the TCIS accepts an erroneous check issue transmittal, the file cannot be deleted. Correct all errors before the file transfer process. If an erroneous data file has been sent to DCRM but has not been forwarded to the Treasury, place the whole data file containing the erroneous check information in either a “replace” or “suspended” status. Contact your local DCRM administrator or supporting DFAS site immediately to change the file from the accepted status in the DCRM. In addition, the DO:

- A. Ensures all check issue data submitted to the supporting DFAS site for processing agree with check issue totals on the DD 2657 and the SF 1219;
- B. Submits corrected transmittal(s) within 10 workdays of notification of a rejected transmittal within a file transfer;
- C. Recreates the previously rejected check issue data for a period up to 180 calendar days after submission or replacement of rejected data, if needed; and
- D. For further details on how to put an erroneous check file into either a replace or suspended status, contact the DCRM manager at (614) 701-2109 and see subparagraph 071401.B. To request or make corrections after a TCIS acceptance, follow paragraph 071503.

071404. Voided Checks

A. Report voided checks as zero dollar amounts in the proper sequence with those of other checks issued in the same check range. If a DO reports the check issue detail to the Treasury by sending it to another disbursing office for conversion to data files and/or upload to the DCRM, that DO ensures that the voided checks are reported and clearly marked. Stamp or mark the hardcopy check issue listing to indicate that a check is voided and the dollar amount is zero. Do not obliterate the serial number of the voided check from the check listing. If a voided check has not been dated, report a date for the check to facilitate the check issue reporting. DOs submitting their own check issue data to the Treasury ensure inclusion of serial numbers and dates of the voided checks in the transmission with zero dollar values.

B. A DO who erroneously reported a voided check with a dollar value greater than zero (and the check is under 1 year old) initiates corrective action as soon as the error is discovered without waiting to receive FMS 5206, and sends Treasury a written request to adjust the check issue detail in the TCIS.

C. If the issue date of the erroneously reported check is over 1 year old, the voided check cannot be adjusted in the TCIS; Treasury will issue a limited payability credit for it. Upon receipt of the credit in the **F3880 account, the DO reports the check as a check issue on the monthly SF 1219 and debits the **F3880 account to clear the limited payability credit.

071405. Checks Issued Report (Report 72)

A. General. The Checks Issued Report is also referred to as Report 72, a term derived from the Report ID, TC-AC-72A, which is found in the upper left-hand corner of the report (see Figure 7-5). This is a monthly report that summarizes all of the transactions that affected the TCIS during the month. It is not cumulative. The date of the report is in the heading under the title and the effective date is the last day of the report month.

B. Report 72 Details. This report lists all of the DO's transmittals of check issue detail and all the adjustments applied to the TCIS data file processed by the Treasury during the calendar month. Entries are based on when the Treasury processes transactions, not the issue month. Therefore, if the Treasury does not receive and process a DO's check issue transmittals before the end of a month, the result would be a difference reported on the Comparison of Checks Issued Report, and the transmittals will show on the next month's Report 72. This report provides a total for each check series by transaction code for each DSSN and issue month.

C. SF 1179 Comparison. Report 72 is comparable to a DO's SF 1179. The summary totals for each DSSN and issue month in this report appear in the TCIS column of the Comparison of Checks Issued Report. This report is a valuable tool to improve the accuracy of check issue reporting through awareness of problem areas, tightening and monitoring internal controls, and reconciling check issue discrepancies.

D. FMS 5206 Adjustments. The DO should review it for all FMS 5206 adjustments noted by a code 6 under the type column of the report to ensure that each FMS 5206 issued has been received and processed. DOs not receiving this report monthly should contact their supporting DFAS site. If a copy of the FMS 5206 cannot be provided by the supporting DFAS site, contact the Treasury's CRB at (202) 874-8150. Do not report an FMS 5206 on the Internal Control Report until the document has been received.

E. Distribution. The Treasury provides a copy of the monthly Report 72 to DFAS-CL, DFAS-IN, and DFAS-CO which in turn distribute it to the DOs and settlement officers responsible for check issue reconciliation. The DFAS-JJFD/IN receives a copy of the report for monitoring and reference for checks issued.

F. Usage. Use Report 72 in the reconciliation process for differences reflected on the Comparison of Checks Issued Report, as prescribed in subparagraph 071406.B.3. Also use it to verify that the Treasury has received all of the transmittal data sent by the agency in a given calendar month by dollar amount and serial number range. The DO compares the SF 1179 to the Report 72 to identify which check series, if any, contain discrepancies, verify that all the DO's requested adjustments were accomplished and applied appropriately to the specific check serial number, and verify receipt of all FMS 5206s issued as specified in subparagraph 071406.B.3.a.(3).

071406. Check Issue Reconciliation

A. General. When an issuing DSSN reports a check to the Treasury, TCIS updates the check issue detail with the DSSN, check number, issue date, and amount, and reconciles each check with the check issue information reported by the DO.

B. TCIS. When the check is paid, TCIS matches it with available check detail. If the check issue detail differs from the detail in TCIS, an FMS 5206 is generated and a check issue discrepancy occurs. The Treasury also reconciles TCIS with the SF 1219. The check issue total reported by the submission of the SF 1219 is compared to the total of the check issue detail in the TCIS for each issue month. If the SF 1219 total does not match the total in the TCIS, a check issue discrepancy occurs. This discrepancy appears on the Comparison of Checks Issued Report. The DO takes prompt corrective action to clear discrepancies noted by the Treasury. Every DO will be advised by the Treasury of any check issue discrepancy of more than \$1.00 detected during the check reconciliation process. The Treasury adjusts check issue discrepancies of \$1.00 or less without notifying the DO.

C. Comparison of Checks Issued Report

1. Comparison. The Treasury compares the dollar values of checks reported as issued on the DO's SF 1219 with those recorded in TCIS, and reports differences on the Comparison of Checks Issued Report, available using the Common Access Card at <https://mzd-2.mech.disa.mil/> (see Figure 7-6). The DCRM produces the SF 1219 Statement of Accountability to DCRM Check Issues Reported to help identify discrepancies.

2. Distribution. The Treasury produces this report monthly and sends a hardcopy to DFAS-CL, DFAS-CO, and DFAS-IN. DFAS-CL is responsible for providing the discrepancy information to each DSSN listed on the report for ALC 1700, DFAS-IN for ALC 2100, and DFAS-CO for ALC 5700.

3. Reconciliation. The DO researches each difference and makes necessary corrections. Clear check issue discrepancies within 60 days from the check issue dates. The documentation needed to properly research discrepancies on the Comparison of Checks Issued Report is the SF 1219, SF 1179, JVs prepared for checks issued, check issue log, FMS 5206s, and the Report 72 for each reporting month containing the discrepancy.

a. Upon receipt of the report, the DO reviews each difference. Clear the aged discrepancies as soon as possible to prevent further aging. Compare the total for the DSSN report to the total for the TCIS, looking for common causes of discrepancies:

(1) If the DSSN side is greater, look for checks not reported by reviewing the Report 72. Determine if any checks issued were not reported as issued in the TCIS. Report missing checks using the DCRM immediately. Do not report the checks on the Statement of Accountability again. The discrepancy indicates that these checks were reported on the Statement of Accountability at the time of issuance. If checks are in the DCRM but not reflected in the TCIS, verify that the issue dates are correct. If correct, check to see if the

checks were entered near or after the end of the month. The discrepancy may be due to a timing issue. If the checks are properly entered and accepted in the DCRM, the discrepancy will clear without further action by the next report. If the difference has not been resolved by the next report, further action is required.

(2) If the DSSN total is less than the TCIS total, look for voided checks which were erroneously reported with values greater than zero, or checks dated with a prior or future month date which were reported as current month in the accountability. Refer to paragraphs 071404 for corrective procedures for erroneously reported voided checks.

(3) Look for unprocessed FMS 5206 transactions. These could cause one side to be greater than the other, depending on the purpose of the FMS 5206. The Comparison of Checks Issued Report will show if any FMS 5206s were issued by looking at the reference numbers. If the number contains one "6" and is followed by one or more zeros (0), the number 7, 8, and/or 9, the TCIS total contains at least one FMS 5206 transaction. The Report 72, which corresponds to the date in the report date column, identifies the check number affected by the issuance of an FMS 5206.

(4) Check immediately to see if a copy of the FMS 5206 has been received, and if action has been taken to clear this discrepancy. If action has not been taken, review the check issue records and the payment voucher to determine what the amount of the check should have been. The action needed to correct this discrepancy will depend on whether the error is limited to a reporting error or whether the check was negotiated for a different amount than it should have been. See subparagraph 070809.B and paragraph 071502 for procedures for processing, reporting, or obtaining duplicate FMS 5206s.

(5) Look for between month discrepancies. If there is a debit in one month and an offsetting credit for another month, compare the check issue records to the Report 72 to determine which checks or adjustments caused the discrepancy, and which month is accurate according to the date on the voucher and the check. The type of adjustment action required depends on the results of the research and the cause for the discrepancy. Some causes for between month differences are erroneous adjustment transactions, future dated checks included in total for current month checks issued reported on the SF 1219, wrong dates typed on the checks, and late reporting of the SF 1219. Make corrections necessary to report the checks in the appropriate month of issuance. See section 0715 for check issue adjustment procedures.

b. If the check issue discrepancy was not easily identified through the steps listed in the subparagraph 071406.B.3.a, examine the check issue records more thoroughly. Continue researching the differences by comparing the amount for each check block series listed on the Report 72 to the amounts listed for each check series on the SF 1179 and the check issue logs. Look for differences in the total amounts between what was reported and issued for each check series. Use the DCRM inquiries and reports to identify the check series containing the discrepancy.

c. Once the check block series has been identified, determine which particular check or checks caused the difference. When determining the corrective action, look at which record(s) needs to be adjusted in order to record the check issue accurately with respect to the issue date and amount, and if the appropriation has been charged correctly. Request an adjustment from the Treasury only if the DO's SF 1219 accurately reflects the reporting of the checks as written, and the corrective action does not substitute for the initial reporting of any checks issued. If the check was not accurately reported on the DO's SF 1219, there may be an undercharge or overcharge to an appropriation, or the DO's cash accountability could be overstated or understated depending on the nature of the error.

d. See Table 7-4 for appropriate corrective action.

071407. SF 1179, Month End Check Issue Summary

A. General. Disbursing offices report monthly check issues at the end of each month on the SF 1179, following the instructions on the form. Summarize the total dollar amount of the current month check issues submitted by transmittals listing each check series individually, and show current and prior months' adjustments to check issue totals as affected by the documents listed in paragraphs 071404 and 071504. Summarize prior month check issues on a JV and record them on line 2(b) of the SF 1179. The total amount shown on the SF 1179 must agree with the amount shown in Section II, Part A, column (2), on the reverse of the SF 1219. For guidance on limited depository check-issue reporting, see Chapter 14.

B. Preparation. Prepare the SF 1179 in an original and one copy, completing all blocks, including page and location, DO's signature, and the month and year for which rendered. See ITFM 4-6025.10.

C. Distribution. The Treasury does not require agencies to submit monthly SF 1179 reports or supporting documents. DOs submit the original SF1179 and supporting documents with the original financial reports to the supporting DFAS site, and maintain copies for check issue research and reconciliation.

0715 CHECK ISSUE ADJUSTMENTS

071501. General

A. SF 1219 Reporting. The SF 1219 check issue reporting and the check issues in the TCIS must match each check as it was issued, regardless of whether or not the check was accurately produced. If the check was issued incorrectly, the DO ensures the reporting on the SF 1219 and the TCIS reflects the check data as written, and corrects the check issue error. To prevent duplicate adjustments, all DOs, who do not directly report their check issue data in the DCRM, coordinate their adjustment actions with their supporting DFAS site. See section 0708 for guidance pertaining to check overdrafts and underdrafts.

B. Error Adjustments. When differences occur between what was paid and what was reported for a check, the Treasury adjusts the individual check record in the TCIS to change the reported amount to the paid amount, and issues a FMS 5206. Once an error has been identified, the DO does not wait to receive an FMS 5206. If an error is discovered before reporting the check issue detail to the Treasury, the DO corrects the error on the data file before submitting the data to the Treasury. If the DO is unable to correct the file, the DO requests an adjustment to the check issue detail; see paragraph 071503. During check issue reconciliation procedures, the DO may find that while the check issue detail was reported correctly, there is an error in reporting the SF 1219 check issue totals. See paragraph 071504 for guidance on SF 1219 adjustments.

071502. FMS 5206, Advice of Check Issue Discrepancy

When a Treasury check is negotiated, the TCIS updates to reflect the check's paid status. The TCIS verifies that the amount paid matches the amount reported for the check. If the amounts differ, the Treasury reports the discrepancy on an FMS 5206. For check issue discrepancies of \$1 or less, the Treasury adjusts the check issue records, but does not notify the DO or issue an FMS 5206. When an FMS 5206 is issued, the dollar value for the check reported in the TCIS is automatically adjusted to the amount paid. The Treasury provides the DO with three computer-generated copies of the FMS 5206 along with a copy of the check. The FMS 5206 includes a description of the error (see Figure 7-7). The following is only a guide, as all reporting errors may not be limited to just these conditions:

A. Upon receipt of the FMS 5206, the DO immediately researches the check issue records, vouchers, and/or supporting documentation to determine the cause of the discrepancy and which reporting requires the adjustment. If the payee was overpaid or underpaid, the DO follows the guidance in this section. For reporting errors only, the DO takes appropriate corrective action to ensure all records reflect the check as written.

B. If the check was reported correctly on the SF 1219 and paid for the proper amount, but the amount was incorrectly reported to the Treasury through the DCRM transmission of check issue detail, no adjustment is made on the SF 1219. Since the issuance of the FMS 5206 adjusts the TCIS, the check issue discrepancy will have been corrected when the FMS 5206 was issued. The DO annotates the FMS 5206 as "TCIS reporting error only. Check paid and reported correctly on SF 1219." Keep the original document with the monthly financial returns. Return a copy of the annotated FMS 5206 to the Treasury to notify them that no further action will be taken.

C. If the check issue was reported erroneously on the SF 1219 and to the Treasury through the DCRM transmission of check issue detail, but the payee received the proper amount of payment, the DO reports the FMS 5206 on the SF 1179 and the SF 1219 to clear the check issue discrepancy. The DO initiates research and corrective action needed to ensure the appropriations were charged correctly for the amount of the check. See paragraph 071504 for procedures to record the adjustment to the SF 1179 and the SF 1219.

071503. Disbursing Officer Requested Adjustment to the Check Issue Detail

A. Request for Adjustment. To request an adjustment to the check issue detail in the TCIS, the DO sends a written request containing a description of the error to the Treasury's Fiscal Service, CRB, Room 711A, 3700 East-West Highway, PGC Building #2, Hyattsville, MD 20782. To expedite the adjustment, the DO may fax the request to CRB at (202) 874-8536 or call (202) 874-8150 to contact someone, but the CRB still requires receipt of the request by mail at a later date as it requires a request with an original signature to be on file. The CRB uses the information to correct the reporting in the TCIS. After the CRB makes the adjustment in the TCIS, it issues a Notification of Check Issue Correction-D.O. Requested (TC-AC-252) for each specific check symbol and serial number adjusted (see Figure 7-8). The CRB forwards this report to the DO, who monitors any adjustments requested, and verifies proper adjustment.

B. Time Limitation. If no response is received within 30 days of request, the DO contacts the CRB for status. The DO keeps the report and the request for an adjustment with the monthly financial records. Adjustments to the check issue detail in the TCIS may be made within 12 months of the issue month. After 12 months, the period of negotiability expires. The Treasury cancels the checks and issues limited payability credits for their amounts as recorded in the TCIS (see sections 0710 – 0712). A DO who detects check issue reporting errors after 12 months from the issue month adjusts the accountability to reflect the check issue detail recorded in the TCIS. The limited payability credits offset the check issue adjustments on the SF 1219.

C. Example. A voided check was reported to the Treasury as \$150 vice \$0 for issue month November 2005. In May 2007, the DO became aware of the reporting error when the limited payability credits were being researched to transfer credits to the original appropriations. The corrective action for this situation would be to adjust the SF 1219 and a one-sided SF 1081 to clear the limited payability credit. The DO must prepare a JV to record the check as issued for \$150 for November 2005, with an offsetting debit to the **F3880 account to clear the limited payability credit.

071504. SF 1219 Adjustments

A. Prior Month Checks Issued. A common reason for an SF 1219 adjustment made by the DO is a prior month check-issue adjustment. Do not report prior month issue of checks as current month checks issued, as this will cause check issue discrepancies for both issue months. An SF 1219 adjustment is necessary to realign the check issue reporting to the proper issue month of the checks. To record prior month check issues on the SF 1219, prepare a JV summarizing the prior month checks issued to include the same information that would have appeared on the SF 1179 if the checks had been reported when issued (see Figure 7-9). Record the prior month adjustment on line 2 (b) of the SF 1179 and Section II, Part A, column 4 (TC 212) of the SF 1219.

B. Clear Check Issue Discrepancy. To clear a check issue discrepancies resulting from erroneously reported prior month checks issued, the DO prepares a JV to decrease the overstated check issues and increase the check issues for the proper month. For

audit trail purposes, reference the check numbers and issue dates of the prior month checks being adjusted between months on the JV. Keep all JVs prepared for check issue adjustments in the DO's financial records as supporting documentation.

C. FMS 5206. When an SF 1219 adjustment is needed due to the issuance of an FMS 5206, the procedures are very similar to those provided in subparagraph 071504.A. Record the adjustment for FMS 5206 in a separate column. To report the adjustment to the SF 1219 for an FMS 5206 adjustment, record the FMS 5206 on line 2(a) of the SF 1179 and in Section II, Part A, column 3 (TC 211) of the SF 1219. Keep a copy of the FMS 5206 in the DO's financial records as supporting documentation.

D. Request for Adjustment. If the DO's financial records reflect the correct check issued data for the proper month and the error is limited to the Treasury's record of the SF 1219 check issue total identified in the check reconciliation process (see paragraph 071406), the DO sends a request for adjustment to the Treasury's Cash Analysis Branch at fax number (202) 874-8887, e.g. the Treasury records the DO's SF 1219 totals as a different month than prepared due to late SF 1219 submission, erroneous prior adjustments, reporting errors.

Figure 7-1. GPO Form 2431, Print Order-Department of the Treasury Checks and Proofs

U.S. GOVERNMENT PRINTING OFFICE							
PRINT ORDER – DEPARTMENT OF THE TREASURY CHECKS AND PROOFS							
1. Agency Order # _____ (Signature and Title)						2. TYPE OF ORDER <input type="checkbox"/> CHECKS <input type="checkbox"/> GRID / SPECIMEN <input type="checkbox"/> PROOF <input type="checkbox"/> REVISION TO PROOF	
3. PROGRAM 249-S	4. JACKET \	5. OBJECT CLASS 24:00	6. ESTIMATED COST	7. DATE	8. PRINT ORDER		
9. DEPARTMENT		10. REQUISITION	11. BILLING ADDRESS CODE	12. TITLE TREASURY CHECKS			
13. CONTRACTOR			14. PURCHASE ORDER	15. AREA / STATE CODE	16. CONTRACTOR'S CODE		
17. SHIP TO:		18. APPROPRIATION CHARGEABLE		19. SHIP DATE	20. QUANTITY		
		21. REQUESTED SHIP DATE					
22. SHIP BY <input type="checkbox"/> ARMORED CARRIER <input type="checkbox"/> REGISTERED MAIL <input type="checkbox"/> EXPRESS PACKAGE CARRIER <input type="checkbox"/> OTHER				23. CONTAINER REQUIREMENT <input type="checkbox"/> DOMESTIC <input type="checkbox"/> OVERSEAS			
24. AVAILABLE CHECK FORMATS AND VOLUMES – CHECK QUANTITY PER BOX IF NECESSARY							
<input type="checkbox"/> A. SINGLE	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000				
<input type="checkbox"/> B. SINGLE SET W/ 2 CARBONS/STUBS	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000				
<input type="checkbox"/> C. SINGLE SET W/ 1 CARBON/STUB	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000				
<input type="checkbox"/> D. CONTINUOUS 1 UP	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000				
<input type="checkbox"/> E. CONTINUOUS W/ RIGHT STUB	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000					
<input type="checkbox"/> ER. CONTINUOUS W/ RIGHT STUB – 40,000 CHECKS & 40,000 STUBS PER ROLL							
<input type="checkbox"/> F. CONTINUOUS 2 UP – 8,000 CHECKS							
<input type="checkbox"/> G. CONTINUOUS W/ STUB ABOVE OR BELOW	<input type="checkbox"/> 1,000 CHECKS	<input type="checkbox"/> 2,000 CHECKS	<input type="checkbox"/> STUB ABOVE	<input type="checkbox"/> STUB BELOW			
<input type="checkbox"/> GS. SINGLE SHEET OF 2 CHECKS & 2 STUBS	<input type="checkbox"/> 1,000 CHECKS	<input type="checkbox"/> 2,000 CHECKS	<input type="checkbox"/> STUB ABOVE	<input type="checkbox"/> STUB BELOW			
<input type="checkbox"/> H. CONTINUOUS 2 UP ROLL – 80,000 CHECKS							
<input type="checkbox"/> HP. CONTINUOUS 2 UP ROLL W/ PERFORATION							
<input type="checkbox"/> I. CONTINUOUS W/ LEFT STUB	<input type="checkbox"/> 2,000 CHECKS	<input type="checkbox"/> 4,000 CHECKS					
<input type="checkbox"/> J. SHEET OF 4 CHECKS	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000				
<input type="checkbox"/> K. 2 UP ROLL W/ BOTTOM STUB – 40,000 CHECKS/STUBS PER ROLL							
<input type="checkbox"/> L. 2 UP ROLL W/ 3 BOTTOM STUBS – 20,000 CHECKS AND 60,000 STUBS PER ROLL							
<input type="checkbox"/> M. SHEET OF 1 CHECK AND 3 STUBS	<input type="checkbox"/> STUBS ABOVE	<input type="checkbox"/> STUBS BELOW	<input type="checkbox"/> 11"	<input type="checkbox"/> 13"			
25. CHECK SYMBOL, SERIAL AND INVENTORY CONTROL NUMBERS							
SYMBOL AND SERIAL NUMBERS MUST BE SHOWN ON ALL ORDERS FOR PREPRINTED CHECKS				INVENTORY CONTROL NUMBERS (ICN)			
SYMBOL		SERIAL NUMBERS					
FROM _____		Ascending <input type="checkbox"/>		FROM _____ TO _____			
TO _____		Descending <input type="checkbox"/>					
26. PROOF NUMBER _____ FOR REVISIONS, ATTACH COPY OF PROOF WITH CHANGES INDICATED							
27. TYPE OF CHECK WRITING EQUIPMENT		28. TYPE OF BURSTING EQUIPMENT		29. METHOD USED TO REPORT CHECK ISSUES <input type="checkbox"/> MAGNETIC TAPE <input type="checkbox"/> OTHER			
30. REMARKS							
31. ISSUE STATISTICS AND ESTIMATE: Ordering Agency to Complete (If quantities differ significantly, explain under REMARKS in item 30 above)							
QUANTITY ISSUED			AVERAGE MONTHLY ISSUE EXPECTED				
LAST CALENDAR MONTH		CALENDAR MONTH BEFORE LAST					
FOR QUESTIONS ON THIS ORDER CONTACT: (ORDERING AGENCY)						AGENCY REVIEWER	
NAME _____ TELEPHONE NUMBER: () _____							
GPO: 2007 10-015po70141 (mac) (See Reverse Side for Instructions)							

Figure 7-1. GPO Form 2431, Print Order-Department of the Treasury Checks and Proofs (Back)

INSTRUCTIONS FOR PREPARING THE PRINT ORDER	
For additional information, consult Treasury Financial Manual for Guidance of Departments and Agencies, Vol. 1, 4-5000.	
Item 1	The authorized employee of the Ordering Agency will sign and show his/her title here. This signature must match that furnished to Treasury on Form TFS-1186, Signature File-U.S. Treasury Check Order. Also, enter the order number assigned by the Agency.
Item 2	Indicate whether the order is for checks, grid, specimen, a new proof, or a revised proof.
Item 4	Insert the Jacket number for the current fiscal year <i>if known</i> . Contact Treasury for current number.
Item 7	Insert the date the order form is signed in item one in this area.
Item 9	The Ordering Agency will show its Departmental identification here (e.g. Justice/U.S. Marshals Service; DFAS/U.S. Navy; Treasury/Financial Management Service).
Items 10 and 11	Insert the Requisition number and Billing Address Code shown on the current Standard Form 1. The Requisition number will change when a new SF-1 is submitted each fiscal year.
Items 8, 13 thru 16, and 19	Completed by the Department of Treasury Printing Officer.
Items 17, 18, 20 thru 23	These self-explanatory items will be completed by the Ordering Agency. If a specific carrier is required by the ordering Agency for Item 22, this information should be shown in the Remarks box (Item 30).
Item 24	The Ordering Agency will "X" the appropriate block to show the check format and volumes required. If test checks are required with "SPECIMEN-NOT NEGOTIABLE" printed on the lower right portion of the face of the checks, this should be indicated in the Remarks box (Item 30).
Item 25	Indicate symbol and serial number information here. The ICN number is 9 digits preceded by an alpha character. Contact Treasury for additional information and assignment of the alpha character for each Agency. Indicate ascending or descending serial numbers. If neither box is marked you will automatically receive ascending numbers.
Item 26	Insert proof number, except for first-time proofs.
Items 27 and 28	Agencies ordering pre-printed serial numbered checks, <u>MUST</u> show in block 27, the make and model of the check print system and indicate (PPV) to show that post print verification is included as part of the system.
Item 29	Agency will "X" the appropriate block which indicates the medium used for reporting individual check issue amounts to Treasury.
Item 31	Show check usage here. Also, show the name and telephone number for contact representative. Agencies may use the Reviewer block to show signature for field offices when orders are sent to a central location for consolidation and approval.
NOTE:	A specimen or proof should be attached when a new proof must be made or when an existing proof must be altered.

Figure 7-2. Optional Form (OF) 1017-G, Journal Voucher (JV)

Optional Form 1017-G (9-79) Title 7.GAO Manual 901017-810			
JOURNAL VOUCHER			
		J.V. No <u>024</u>	
		Date <u>Mar 15, 20XX</u>	
REFERENCE	EXPLANATION	DEBIT	CREDIT
DV #475129	Accounts Receivable – Check Issue Overdraft Check Issue, Sep XX Check was drawn for \$1,500.00 payable to Joe Doe. The payee was due only \$1,000.00, the amount charged to the appropriation on the disbursement voucher. DSSN 2222 Check No. 00,141,123 Date Issued: Sep 21, 20XX Original Amount Reported: \$1,500.00 Correct Issue Amount to be reported: \$1,500.00	500.00	500.00
Total		500.00	500.00
Prepared by _____ <div style="text-align: center;">(Signature)</div> _____ <div style="text-align: center;">(Title)</div>		Approved by _____ <div style="text-align: center;">(Signature)</div> _____ <div style="text-align: center;">(Title)</div>	

Figure 7-3. Sample Certificate of Destruction

(USE APPROPRIATE LETTERHEAD)

May 12, 20XX

MEMORANDUM FOR RECORD

This memorandum certifies that on May 12, 20XX, one hundred and one (101) spoiled Treasury checks serially numbered from 70,006,499 through 70,006,599 (inclusive) and seventy six (76) voided Treasury checks serially-numbered from 70,006,621 through 70,006,696 (inclusive), all bearing disbursing station symbol number 7834, were completely destroyed by shredding.

J.A. HANCOCK
LT, SC, USN
Disbursing Officer

We, the undersigned, certify by signature hereon that the checks listed above were physically verified by us and that all were completely destroyed by shredding in our presence on May 12, 20XX.

G.C. GARLAND, LT, USN

WILLIAM B. ELLIS, ENS, SC, USNR

Figure 7-4. Sample Affidavit and Indemnity Agreement for Lost Treasury Check

AFFIDAVIT AND INDEMNITY AGREEMENT FOR LOST U.S. TREASURY CHECK

I, _____, [hereinafter (“indemnitor”)] the undersigned, being of sound mind and over the age of 21, capable of making this affidavit and indemnity agreement, duly sworn, state that the indemnitor is the lawful owner of the U.S. Treasury Check Number _____, Symbol _____, Payable to _____, issued by the U.S. Department of the Treasury for the sum of \$_____. Indemnitor further states that:

1. it/he/she is not in possession of the check now;
2. it/he/she was entitled to enforce the check when the loss of possession occurred;
3. the loss of possession was not the result of a transfer by it/him/her;
4. the loss of possession was not the result of a lawful seizure; and
5. it/he/she cannot reasonably obtain possession of the check because the check was destroyed, the check’s whereabouts cannot be determined, or the check is in the wrongful possession of an unknown person or person that cannot be found or is not amenable to service of process.

NOW, THEREFORE, in consideration of payment of said check to indemnitor of the sum of \$_____, indemnitor promises to indemnify, defend, and protect the U.S. Treasury from any loss or harm occasioned or sustained by the U.S. Treasury of account of payment of the above described check to indemnitor. THIS AGREEMENT SHALL BE INTERPRETED ACCORDING TO FEDERAL COMMON LAW, INCLUDING APPLICABLE U.S. TREASURY REGULATIONS.

INDEMNITOR

Entity: _____

By: _____

Title: _____

State of _____

County of _____

Before me, the undersigned Notary Public for the State of _____, appeared (name) _____, (title of company) _____, who after being duly sworn, did acknowledge and sign the foregoing AFFIDAVIT AND INDEMNITY AGREEMENT FOR LOST U.S. TREASURY CHECK.

SWORN AND SUBSCRIBED this ____ day of _____, _____

Notary Public, State of _____

My Commission expires _____

Figure 7-5. Checks Issued Report (Report 72)

TC-AC-72A		FINANCIAL MANAGEMENT SERVICE TREASURY CHECK INFORMATION SYSTEM CHECK ISSUED REPORT JUNE 20XX					7/4/20XX	0:25:50 PAGE 63
AREA CODE	DO SYMBOL	ISSUE MONTH	CLEARANCE DATE	TYPE	TC	AMOUNT	SUMMARY TOTAL	BLOCK NUM
63	1234	05-06	06056	6	39	3,340,807.65		-
63	1234	05-06	06056	7	39	1,564,673.77		80012512
							4,905,481.42	00042149
			ISSUE MONTH TOTAL			4,905,481.42		
			DO SYMBOL TOTAL			4,905,481.42		
63	2345	05-06	06026	6	39	949,477.86		00372340
							949,477.86	
			ISSUE MONTH TOTAL			949,477.86		
			DO SYMBOL TOTAL			949,477.86		
63	3456	06-06	06136	6	39	658,421.66		00372363
63	3456	06-06	06166	7	39	447,333.02		00372380
63	3456	06-06	06236	8	39	1,924,721.41		00372394
							3,030,476.09	
			ISSUE MONTH TOTAL			3,030,476.09		
			DO SYMBOL TOTAL			3,979,953.95		
63	4567	05-06	06026	8	39	2,100.00		00297825
							2,100.00	
			ISSUE MONTH TOTAL			2,100.00		
			DO SYMBOL TOTAL			2,100.00		

Figure 7-6. Comparison of Checks Issued – Detail Reported

COMPARISON OF CHECKS ISSUED - - DETAIL								03-31-20XX	PAGE NO. 26
REPORTED ON STMTS OF ACCOUNTABILITY AND BLOCK CONTROL LEVEL TOTALS									
DO. SYMBOL	REPORT	ISSUE	CAB	TCIS	TRANS.	FMS 1219 REPORT	LEVEL 8	DIFFERENCE	AREA
REPORTING	CHECK	DATE	REF	REF	CODE		TCIS		CODE
1700	00001234	01-31-20XX	0000		210	1,757,177.43			63
	00001234	01-31-20XX		0009	790		1,346,011.50		63
	00001234	02-28-20XX		3456	790		2,522.50		
	00001234	03-31-20XX		0009	790		408,643.43		63
						1,757,177.43	1,757,177.43	*	
1700	00001234	02-28-20XX	0000		210	1,567,892.84			63
	00001234	02-28-20XX		0009	790		2,232,979.39		63
	00001234	02-28-20XX		3456	790		2,522.50*		
1700	00001234	03-31-20XX	0000		212	702,350.56			63
	00001234	03-31-20XX		0080	790		150.00*		63
						2,270,243.40	2,230,306.89	39,936.51	
1700	00001234	03-31-20XX	0000		210	2,621,266.31			63
	00001234	03-31-20XX		6009	790		2,673,516.79		63
	00001234	03-31-20XX		3456	790		52,350.48*		63
						2,621,266.31	2,621,166.31	100.00*	

Figure 7-6. Comparison of Checks Issued – Detail Reported (Continued)

Explanation of Report Columns	
DO Symbol Reporting Check	DO's central office reporting symbol (Agency Location Code); DO's DSSN
Report Date	Month and year transactions were entered into the Treasury's computer system. The report date is used in the reconciliation process to identify when transactions occurred.
Issue Date	Month and year checks were issued (the SF 1219 accountability month). Month and year are the only significant parts of this date.
CAB Ref	Represents the SF 1219 JV adjustment number. Purpose is to distinguish SF 1219 JV adjustments from the TCIS adjustments, which come from different systems and impact different reports. The SF 1219 JV adjustments apply to the DO's SF 1219 balances which are processed through the Treasury's Central Accounting and Reporting system (STAR). Treasury also processes adjustments for \$50 or less through the STAR system; the JV number is in this column.
TCIS Ref	<p>Processed through the TCIS, this identifies the type of adjustment affecting the TCIS issue balances, and can be comprised of several numbers representing different transactions, or the Treasury's JV for a JV adjustment.</p> <p>A. A series of numbers containing only 0, 6, 7, 8, and/or 9 indicates multiple adjustments, e.g., 6009 represents normal reporting with one or more FMS Form 5206 adjustments.</p> <p>B. A series of numbers not limited to 0, 6, 7, 8, and/or 9 indicates Treasury's JV number used to adjust the TCIS, e.g., 5622 represents a JV number.</p> <p>C. The following is a guide to interpreting the reference number:</p> <p>6 = FMS Form 5206 issued and TCIS adjustment made. 7 = Adjusted at request of disbursing office. 8 = Adjusted at request of disbursing office for voided checks. 9 = Normal reporting of detailed check issue data through Direct: Connect or Level 8 electronic means. 0 = Zero-fill placeholder only.</p>
Trans Code	<p>Identifies source of transaction, as follows:</p> <p>210 = SF 1219 reporting for current month checks issued. 211 = SF 1219 reporting for processed FMS Form 5206 adjustments. 212 = SF 1219 reporting for DO's adjustments to prior month checks issued totals. 790 = Detailed check issued data reported and maintained in Treasury's TCIS.</p>
FMS 1219 Report	Totals reported in the Treasury's STAR system, including the DO's SF 1219 original reporting and the adjustments made through the DO's and the Treasury's JVs for the issue month and year.
Level 8 TCIS	Net total of check issue detail in the Treasury's TCIS for the issue month and year comprised of DO's reporting and adjustments made by Treasury.
Difference	Difference between the total of FMS 1219 Report and the total of Level 8 TCIS for each issue month and year. An asterisk beside the dollar value represents a credit (total for the Level 8 TCIS system is greater than the total reported as the SF 1219 Report). A debit indicates the SF 1219 Report total is greater than the total of the checks issued in the Level 8 TCIS system.
Area Code	<p>Treasury code to denote the Central Disbursing Office that is reporting.</p> <p>61 = Air Force (DFAS-CO) 62 = Army (DFAS-IN) 63 = Navy (DFAS-CL)</p>

Figure 7-7. FMS Form 5206, Advice of Check Issue Discrepancy

TC-AC-251		FINANCIAL MANAGEMENT SERVICE		8/15/20XX	23:11:57	
		TREASURY CHECK INFORMATION SYSTEM		PAGE 1		
		FMS FORM 5206, ADVICE OF CHECK ISSUE DISCREPANCY		08/14/20XX		
DISBURSING OFFICE				FMS CONTACT		
DEFENSE FINANCE AND ACCOUNTING SERVICE				FINANCIAL MANAGEMENT SERVICE		
DFAS-INDIANAPOLIS				CHECK RECONCILIATION BRANCH		
8899 E 56 TH STREET				ROOM 700A		
INDIANAPOLIS, IN 46249-8620				3700 EAST-WEST HIGHWAY		
PHONE:				HYATTSVILLE MD 20782		
				PHONE: (202) 874-8150		
<u>DOCUMENT NO.</u>		<u>DICSREPANCY TYPE</u>			<u>TRANSMITTAL NUMBER</u>	
10232		ISSUE AMOUNT INCREASE			5370-5570-95337066	
<u>REG NO</u>	<u>CHECK SYMBOL</u>	<u>SERIAL NUMBER</u>	<u>ISSUE DATE</u>	<u>REPORTED AMOUNT</u>	<u>AMOUNT PRINTED ON CHECK</u>	<u>ADJUSTMENT AMOUNT</u>
57	5570	95337069	8/7/XX	500.00	1,659.06	1,159.06
TECHNICIAN NAME: JOHN DOE						
PLEASE REVIEW YOUR CHECK ISSUE RECORD IMMEDIATELY TO DETERMINE WHETHER THE DISCREPANCY REFERENCED ABOVE IS THE RESULT OF AN ISSUE REPORTING ERROR OR INVOLVES AN ALTERED OR COUNTERFEIT CHECK. IF THE CHECK IS NOT ALTERED OR COUNTERFEIT, PLEASE PROCESS THE FMS FORM 5206 IN ACCORDANCE WITH INSTRUCTIONS IN THE TREASURY FINANCIAL MANUAL, VOLUME 1, PART 4, CHAPTER 6000. IF THE CHECK IS ALTERED OR COUNTERFEIT, PLEASE NOTIFY THE CHECK RECONCILIATION BRANCH IMMEDIATELY IN WRITING BY EXPRESS MAIL AT THE ABOVE ADDRESS.						

Figure 7-8. Notification of Check Issue Correction – D.O. Requested

TC-AC-252	FINANCIAL MANAGEMENT SERVICE TREASURY CHECK INFORMATION SYSTEM NOTIFICATION OF CHECK ISSUE CORRECTION – D.O. REQUESTED 07/27/20XX	7/27/20XX 23:11:57 PAGE 1				
DISBURSING OFFICE: COMMANDING OFFICER USS STOUT (DDG-55) FPO AE		FMS CONTACT: FINANCIAL MANAGEMENT SERVICE CHECK RECONCILIATION BRANCH ROOM 700A 3700 EAST-WEST HIGHWAY				
05555-1234		HYATTSVILLE MD 20782				
PHONE:	0000000000000	PHONE: (202) 874-8150				
<u>DOCUMENT NO</u> 10069		<u>DISCREPANCY TYPE</u> ISSUE AMOUNT INCREASE				
		<u>TRANSMITTAL NUMBER</u> 3706-8706-00008083				
<u>REG NO</u>	<u>CHECK SYMBOL</u>	<u>SERIAL NUMBER</u>	<u>ISSUE DATE</u>	<u>REPORTED AMOUNT</u>	<u>AMOUNT PRINTED ON CHECK</u>	<u>ADJUSTMENT AMOUNT</u>
63	8888	00002222	06/27XX	799.79	1,197.38	397.59
TECHNICIAN NAME:		MARY MARTIN				
REFERENCE NUMBER:						
PLEASE PROCESS THE NOTIFICATION OF CHECK ISSUE CORRECTION – D.O. REQUESTED IN ACCORDANCE WITH INSTRUCTIONS IN THE TREASURY FINANCIAL MANUAL, VOLUME I, PART 4, CHAPTER 6000.						

Figure 7-8. Checks Issued Report – Report 72 (Continued)

Explanation of Report Columns	
Area Code	Treasury's code identifying the reporting Central Disbursing Office: 61 = Air Force (DFAS-CO) 62 = Army (DFAS-IN) 63 = Navy (DFAS-CL)
DO Symbol	Disbursing station symbol number identifying the disbursing office.
Issue Month	Month and year that the checks were issued; the SF 1219 accountability month.
Clearance Date	Date check issue transmission and/or adjustment transaction was entered into the TCIS, in the format MMDDYY.
Type	The type of adjustment made by the Treasury against the TCIS data file, which could be one of the following: 6 = FMS Form 5206 has been issued by the Treasury due to an overpayment or underpayment based on the amount reported by the DO for the issued check. The TCIS data file was adjusted to reflect the revised amount of the check. 7 = The Treasury processed an adjustment to the TCIS data file upon request from the disbursing office. 8 = The Treasury processed an adjustment to the TCIS data file upon notification from the disbursing office that voided checks were erroneously reported with dollar values greater than zero.
Transaction Code (TC)	32 = Disbursing office requested adjustment. 33 = FMS 5206 issued for check underpayment. 34 = Adjustment for voided check. 35 = FMS 5206 issued for check overpayment. 39 = Regular reporting of checks issued from electronic transmission of detail (Connect Direct or Level 8).
Amount	Represents the total dollar amount for each transmission submitted by the disbursing office, reported by check series and issue month. This must match the DO's SF 1179 report.
Summary Total	Represents the total dollar amount for all file transmittals submitted for the check issue month and the individual dollar amount of each adjustment made against the TCIS data file. If the entry is an adjustment, the amount listed will only reflect the amount of the adjustment and not necessarily the amount of the check.
Block Number	Represents the first check serial number of the range for each transmittal and the individual check serial number of the check adjusted in the TCIS.

Figure 7-9. OF 1017-G, Journal Voucher (JV) for Prior Month Checks Issued

Optional Form 1017-G (9-79) Title 7.GAO Manual 901017-810			
JOURNAL VOUCHER			
		J.V. No <u>024</u>	
		Date <u>Mar 15, 20XX</u>	
REFERENCE	EXPLANATION	DEBIT	CREDIT
	Adjustment for prior month checks issued. Checks Issued Feb 20XX Reported on Mar 20XX SF1219. D.O. Symbol: 1234 Check Symbol No: 1234 Reporting Method: Connect:Direct DCRM 10226834-10227933 30984320-30984639	\$511,369.24 \$190,981.32	
	Total	\$702,350.56	
Prepared by - (Signature)		Approved by - (Signature)	
..... (Title)	 (Title)	

Table 7-1. Check Issue Discrepancies

R u l e	A	B	C
	If	and	then
1	checks with incorrect information are discovered prior to release		void check and Level 8 data. Issue new check and Level 8 data with correct information.
2		Level 8 data has already been reported into a disbursing system and check dollar amount is correct,	do not void check; process as a recertified payment.
3		Level 8 data has been released to the DCRM and check dollar amount is incorrect,	process as a canceled check using an SF 1098.
4	an FMS 5206 is received by the DO, research check issue data and determine if the payee is overpaid or underpaid,	if incorrect check issue information was reported to the Department of the Treasury,	process FMS 5206 on the DO's SF 1179 & SF 1219.
5	an FMS 5206 is not received by the DO		the DO identifies and corrects offsetting error(s) by preparing and issuing a JV to the Treasury.
6	the Treasury reported an FMS 5206 but the DO did not receive it, contact the Treasury for a copy of FMS 5206,	the FMS 5206 is valid,	process on the SF 1179 and SF 1219.
7		the FMS 5206 does not belong to DSSN,	forward the FMS 5206 with memorandum to correct disbursing station.
8	a check issue reporting discrepancy is discovered within one year of issue	no FMS 5206 has been issued,	notify the Treasury in writing and request an adjustment to the amount reported.
9		an FMS 5206 was received,	process on SF 1179 and SF 1219.
10		a limited payability credit has been received,	an adjustment cannot be processed. Refer to Chapter 8.
11	check issue Level 8 data was transmitted but was not processed by the Treasury	check reporting files for the DSSN in DCRM are reviewed and checks are determined to be missing,	request files be transmitted to the DCRM system.
12	the Treasury paid the check but Level 8 data was not reported	check issue data has been reported,	report the check issue data.
13			work with DCRM regarding the missing check data at Treasury.

Table 7-2. DO's Check Issue Reporting and Check Reconciliation Checklist

	Disbursing Officer's Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
1	Has the disbursing section reviewed the check issue data from the entitlement system for accuracy? If data is not accurate, work with entitlement section to identify and correct.		
2	Were checks issued after entitlement data was validated?		
3	Were the check payment listing and the checks matched to entitlement data (amount of check, amount of voucher, amount of Level 8 data, and name) prior to releasing the checks and/or releasing the check issue data to DCRM?		
4	Was an error detected (i.e., date error, wrong serial number, or dollar amount)? If so, void the check, and change check issue reporting data prior to releasing the check or the data.		
5	Was the post-print verification completed for the check payment listing, checks, and check issue Level 8 data prior to releasing the checks and the check issue data through DCRM to the Treasury's Check Payment and Reconciliation (CP&R) system?		
6	When the check data is balanced, did the DO process automated or manual Level 8 data daily, weekly, or monthly to the Treasury through the DCRM?		
7	Did the DCRM validate the Level 8 detail data to include DSSN, check issue date, amount, and serial number?		
8	At month end, did the DO ensure all check issue data for the month was entered into DCRM?		
9	Did the DO work the DCRM email notification for missing/unused checks in a timely manner to ensure missing checks are reported?		
10	Are voided, lost or stolen checks reported as zero (0) to the Treasury and Level 8 reporting? (See paragraph 071404 .)		
11	Did the DO process the Month End Check Issue Summary (SF 1179) by consolidating the data into the summary level Statement of Accountability (SF 1219) and ensure that the end of month check issue data reported through Level 8 is in balance with the SF 1219 and the SF 1179? (See section 0714)?		
12	Did the current month's SF 1179 also show prior month adjustment to check issue totals in accordance with section 0714 ?		
13	Did the DO receive an FMS 5206? The DO must research the FMS 5206 to determine reason for discrepancy and make appropriate adjustment, as required.		
14	Has correction of the discrepancy been reported on line 2.11 of the monthly SF 1219? Use the original transaction date cited on the FMS 5206 when recording the adjustment.		
15	When the payee was not overpaid or underpaid, but incorrect check issue information has been reported to the Treasury, has the DO processed the FMS 5206 on the DO's SF 1179 and SF 1219, or has the DO requested that the Treasury adjust the Check Issue Report?		
16	When the DO discovers a discrepancy and prepares a JV before an FMS 5206 is received from the Treasury, has the correction been reported on the SF 1219, line 2.12, and on the monthly SF 1179?		
17	Did the DO take necessary actions to clear the FMS 5206 discrepancies in accordance with this chapter?		
18	Do any disbursing personnel have access to DCRM? If yes, what level and purpose?		
19	Did the DO coordinate with field personnel to ensure that all checks have been reported to the Treasury?		
20	Has the DO taken necessary actions in accordance with this chapter to clear all discrepancies within 60-days of notification from the DFAS sites? DFAS site personnel must monitor all discrepancies to ensure the necessary actions have been taken to clear the discrepancies within 60-days in accordance with this chapter.		

Table 7-3. DFAS Sites' Responsibilities for Check Issue Reporting and Reconciliation

	DFAS Sites' Responsibilities for Check Issue Reporting and Check Reconciliation	Completed	
		Yes	No
1	Did the reporting DFAS sites monitor output product from DCRM that compares DFAS sites' monthly reported SF 1219 line 2.10 to Level 8 data by DSSN?		
2	Did the DFAS reporting sites perform oversight and notify DOs to ensure discrepancies are corrected within the month they are notified?		
3	Did the DFAS reporting sites receive from the Department of the Treasury the monthly CP&R and the Checks Issued Report (72 Report) denoting errors and forward reports to the DOs for reconciliation?		
4	Did the DFAS sites monitor and age discrepancies to ensure the necessary actions to clear the account were taken?		
5	Were the comparison/discrepancy reports worked using the 72 Report to reconcile any differences that are not corrected by either an SF 1179, FMS 5206 for under/over pay adjustment, void check, or a DO request for adjustment (JV)?		
6	Did the DFAS sites monitor and age check issue discrepancies on the Outstanding Payment Report, which reflects the range of checks issued and cleared by the Department of the Treasury but not reported by DOs, with the checks reported as missing in DCRM?		
7	Did the DFAS sites contact the DOs to obtain the data for any unreported checks in DCRM?		
8	Did the DFAS site personnel contact the DO about checks reported as missing by the Treasury but reported in DCRM?		

Table 7-4. Samples of Corrective Actions for Check Issue Discrepancies

Problem	Effect	Corrective Action
1. Check reported incorrectly in DCRM system; check issue file transmitted to the Treasury. FMS 5206 not yet issued.	Check issue discrepancies with TCIS totals higher or lower than SF 1219 totals.	Request a check issue adjustment from the Treasury. Ensure notification of check issue correction is received. See subparagraph 071503.A. for more information.
2. Check reported incorrectly in the DCRM system; check issue file not transmitted to the Treasury.	The DCRM system file total does not match the total of check issues for a check block series.	Request deletion/replacement of erroneous check block series file in the DCRM system. Create a new file with the corrected check issue information. See paragraph 071403 for more information.
3. Check issued and dated 30th of the month but not included as a check issued on the accountability statements.	Check issue discrepancy with TCIS higher than the DO's SF 1219, which may also be out of balance, unless voucher was not recorded.	Prepare and process a JV for prior month check issue. If the payment voucher has not been previously reported, record the voucher and accounting entries. See subparagraph 071504.A for more information.
4. Check dated and issued in previous month, but reported as current month issues on the accountability statement.	Check issue discrepancy between months.	Prepare and process a JV to move the check issue to the proper month. Refer to subparagraph 071504.A for more information.
5. The DO has the checks issued on the proper month's SF 1219, but the Treasury has the SF 1219 recorded as the wrong month.		Request the Treasury do an adjustment to move the checks issued (SF 1219) to the proper month. Refer to subparagraph 071504.C for more information.
6. A check is negotiated and paid but the DO has not reported the check issue data to the Treasury.	The TCIS rejects claim for payment until check reported as issued. No limited payability cancellation credits will be processed. Delays or precludes detection of possible fraud, theft, or altered check, and possible bank reclamation procedures. Payee received funds for check when negotiated. If DO has included check in the accountability statement as issued, check issue discrepancy will reflect on the Comparison of Checks Issued Report.	Review check issue records to ensure the check is valid. If the payment of the check is due to an act of fraud or theft, initiate an investigation, bank reclamation procedures, and loss of funds action, as applicable. Check the status of the check in the DCRM system, and either input or correct the DCRM check file to report the check issue detail to the Treasury.

Table 7-4. Samples of Corrective Actions for Check Issue Discrepancies (Continued)

Problem	Effect	Corrective Action
7. The DO receives an FMS 5206 issued by the Treasury for a check discrepancy.	Check issue discrepancy reflected on the Comparison of Checks Issued Report. Possible underpayment, overpayment, error in reporting, or altered check.	Review the check issue records to determine if the error is a reporting error, underpayment, or overpayment. For reporting errors, adjust the record that is in error. If the TCIS entry was the only incorrect reporting, the error was corrected when the FMS 5206 was issued. If the check issue total is incorrect on the SF 1219, report the adjustment under Section II, Part A, column 4 on the SF 1219 for adjustments related to FMS 5206s. For overdrafts , see subparagraph 070803.F . For underdrafts , see subparagraph 070804.E . Record receipt of the FMS 5206 on the monthly internal control report and follow procedures as prescribed to complete report requirements.
8. The DO has not received an FMS 5206, which was issued by the Treasury.	Check issue discrepancy. The Report 72 indicates an FMS 5206 has been issued, but the DO has no record of receipt.	Request a copy of the FMS 5206 from the supporting DFAS site. Review the Report 72 to identify the check with the discrepancy. Follow Item 7 when the FMS 5206 is received.