

**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 November 2009 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
<a href="#">All</a>	<a href="#">Updated hyperlinks and format.</a>	<a href="#">Update</a>
<a href="#">Table of Contents</a>	<a href="#">Inserted paragraph numbers for ease of reference.</a>	<a href="#">Update</a>
<a href="#">070109</a> <a href="#">0702</a> <a href="#">0706</a>	<a href="#">Restructured for better organization.</a>	<a href="#">Update</a>

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## CHAPTER 7

U.S. TREASURY CHECKS

## 0701 GENERAL

## 070101. Authorized Purposes

Disbursing Officers (DOs) issue United States (U.S.) Treasury checks in accordance with applicable laws and regulations for military pay and allowances, civilian pay, purchases of goods and services, travel claims, authorized advances to travelers and agents, deposits for credit to the Department of the Treasury (Treasury), and exchanges for cash.

070102. Negotiability

Treasury checks are payable for 1 year from the date of issue. This limited payability became effective October 1, 1989; checks issued before that date became void on October 1, 1990. Checks presented for payment that are not negotiable due to this criterion **must** be verified for validity and replaced, if appropriate, as prescribed in Chapter 8.

## 070103. Check Types

A. Regular Issue Checks. Regular issue checks are standard checks with preprinted check symbols, serial numbers, and magnetic ink character recognition (MICR) encoding. They are the only instruments which DOs may draw on the account of the Treasury.

B. Test Grid Checks. Test grid checks provide the format of the check by grid lines to test or align automated check-writing equipment. They are white with a nonreproducible 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.

C. Unnumbered Checks. Unnumbered checks are regular issue checks without preprinted check symbols, serial numbers, or MICR encoding. They are for use only by Defense Finance and Accounting Service (DFAS) sites and are controlled by a preprinted Inventory Control Number (ICN). Special check-writing equipment is required to prepare these checks.

D. Specimen Checks. Specimen checks are identical to unnumbered checks except that they are overprinted with the words "SPECIMEN CHECK - NONNEGOTIABLE" in the signature space. Specimen checks **are** safeguarded 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, a piece of paper or card of check size 7 3/8 inches in length and 3 1/4 inches in width may be used.

E. Check Serial Numbers. When all serial numbers of a symbol have been used, Treasury's Financial Management Service (FMS) will assign a new checking account symbol for the next supply of checks, if necessary. Accordingly, as serial numbers of checks issued approach 99,999,999, the DO should notify the FMS, Check Analysis Branch, through the Director, Disbursing/Debt Management Policy Division, Policy and Performance Management Directorate (DFAS-NPD/IN), 8899 E. 56th Street, Column 329F, Indianapolis, IN 46249-0500, (or [disbursing-debtmanagementpolicy@dfas.mil](mailto:disbursing-debtmanagementpolicy@dfas.mil)) to facilitate assigning a new checking account symbol before the next supply of blank checks is ordered. When ordering the new check supply, the DO should allow additional time for the proof to be changed (in addition to the time normally required to print and deliver the checks).

F. Check Numbers. Initial order for serially numbered checks **must** specify that the numbers begin with 00,001,000 and end in "999." **Specify serial numbers on subsequent orders** that immediately follow in exact sequence.

070104. Check Features

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

B. Preencoded 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 transit number in positions 34 through 42, a 5-digit check symbol number in positions 49 through 53, and the appropriate MICR symbols denoting preprinted symbol and serial numbers.

070105. Check Dating and Handling

A. Drawing the 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 when checks are drawn as exchanges for cash. The rules governing exchange-for-cash checks are in section 0705. Never make a Treasury check payable to "cash."

B. Dating and Mailing of 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, have a policy of mailing checks to payees before a military or civilian payday to ensure that the payment is available when due. If it is necessary to mail the check before payday, **do not date** the check 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 payable to the order of a legal representative of the estate of a deceased person; e.g., “John K. Smith, Executor (Administrator, etc.) 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 payable 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 picking up the check signs his or her own name on the voucher next to the words, “Attorney-in-Fact,” followed by the name of the person granting the power of attorney. The DO retains a copy of the power of attorney and verifies the identity of the holder. Payments made to the holder of a power of attorney that require “secret” or “confidential identity” are processed using a cover voucher insert. Transmit the original voucher and a copy of the power of attorney to the supporting DFAS site for proper handling and storage.

070106. Signing Blank Checks

The signing of blank checks is prohibited.

070107. Security and Storage

Store blank Treasury checks in a secure container following guidance in Chapter 3. Keep checks 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 is sensitive to moisture, light, and heat. The DO can 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, however, should be given primary responsibility for maintaining the check stock and related control records. Access by others should be limited to those occasions when the principal custodian is absent. The DO maintains control of the check stock. In cases of joint custody, the DO ensures that no break in accountability occurs. The DO or DDO is accountable for the check stock at all times. This is to provide for access to the check stock during periods of brief or unexpected absence of the single individual (either the DO or a DDO) who exercises normal day-to-day responsibility for the check stock.

070108. Blank Check Control Log

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 the release of checks. At a minimum, the blank check control log contains the following data elements: date; beginning check number; ending check number; balance of checks on hand; initials of the persons advancing or receiving checks; and initials of persons receiving or returning checks. NOTE: Central sites that use

unnumbered roll stock use the ICN 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.

\*070109. Blank Check Issue and Audit

**Issue** blank checks from the check stock in blocks of appropriate size by serial numbers. The DO **must** use a blank check control log as prescribed in paragraph 070108 to release blank checks to check-writers and to monitor return of blank, voided, or spoiled checks to the vault. Also use the control log to control issuance and return of checks between the DO and sites external to the disbursing office where the checks are prepared. **The DO must obtain a receipt 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 checks returned unused by the clerks to account for checks issued, and ensure that no checks are removed without authority.** At a minimum of once every 90-days, the DO or designee **must** inventory the check stock. Any open container **must** be inventoried by individual count of the checks contained therein. **Open** all damaged cartons **of checks**, or those bearing evidence of having been tampered with, **and individually count the checks. Keep a record** of the inventory and total checks on hand in the disbursing office **and provide it** to the cash verification team for attachment to the quarterly cash verification report.

070110. Lost or Stolen Blank Checks

When blank checks are lost or stolen, the DO immediately **notifies** the Commander, the nearest office of the U.S. Secret Service (by message or telephone), and the Treasury. **Notification is confirmed by a letter** to the Treasury FMS, Check Reconciliation Branch, PGMC-2, Room 700A, 3700 East-West Highway, Hyattsville, MD 20782, with copies to: U.S. Secret Service, appropriate DoD Component investigative service, DFAS-NPD/IN, and local banks (if appropriate). The FMS telephone number is (202) 874-8259. The notice may be transmitted to the Treasury by facsimile transmission (FAX) to telephone number (202) 874-8536 or the most rapid means of communication available. Include the Disbursing Station Symbol Number (DSSN); ICNs or serial numbers of the checks involved; a statement giving complete information concerning the circumstances of the loss or theft; and the date the loss was referred to the U.S. Secret Service for investigation. If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range is required. **Void all** checks discovered to be missing, lost, or stolen before issuance (including any items missing from blank check shipments received from the contractor) in accordance with **[I Treasury Financial Manual 4-6045.30](#)** and reported on hard copy to FMS Check Reconciliation Branch.

070111. Reporting Check Issues

**Reports check** issues and **checks** lost or stolen to the Treasury. See Chapter 9 for detailed check-issue reporting procedures. Show an amount of “0” (zero) dollars for each lost or stolen blank check. **If any of the checks are negotiated**, the Treasury will issue an FMS Form 5206 (Advice of Check Issue Discrepancy) to the DO. Where the lost checks have been reported by the DO (by both message/phone and memorandum) as required, do not record receipt of the FMS

Form 5206 on the Standard Form [\(SF\) 1179](#) (Month End Check Issue Summary) or the [SF 1219](#) (Statement of Accountability). To clear the item, [return](#) the erroneous FMS Form 5206 to the Treasury with a copy of the memorandum reporting the lost or stolen checks. The DO [will](#) immediately respond to every FMS Form 5206, [with](#) either [an explanation](#) to the Treasury or by entry on the SF 1179 and SF 1219, as prescribed in section 0706.

070112. Evidence of Payment

The issuance and mailing of a check to a creditor of the United States 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.

\*0702 PROCUREMENT OF U.S. TREASURY CHECKS

070201. General

Use Government Printing Office (GPO) Form 2431 (Print Order-Department of the Treasury Checks and Proofs) to order U.S. Treasury checks. No other purchasing documents are required or authorized. Disbursing offices should order a supply of checks to last 1 year unless there is a good reason to request a supply for a longer or shorter period. Cite such a reason in the "Remarks" section of the GPO Form 2431. The minimum amount of any assembly should be 1,000 checks. Larger quantities should be in even multiples of the quantities shown on the GPO Form 2431. 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 6 month supply. Therefore checks should be reordered when the on hand check stock reaches the 9 month level. [Forward all](#) check orders to the following address using the detailed guidance given by that office. See Figure 7-1.

Defense Finance and Accounting Service-Indianapolis  
Disbursing/Debt Management Policy Division  
Policy and Performance Management Directorate (DFAS-NPD/IN)  
8899 E. 56th Street  
Column 329F  
Indianapolis, IN 46249-0500

A DO at a newly established DSSN should submit a check order at least 4 months before the planned commencement of disbursing operations. Request cancellations of check orders in writing through DFAS-NPD/IN. The GPO will charge a fee of \$10 for each canceled order. In addition, the contractor will charge a separate fee if an order is canceled after check production operations have begun.

[070202.](#) Designation of Officials Authorized to Sign Check Requisitions

DFAS-NPD/IN is the sole check-ordering agency for DoD activities and has been designated the authority to sign check purchase orders by completion and submission of an FMS Form 1186 (Signature File-U.S. Treasury Check Orders) to the FMS Check Analysis Branch. This

form is used to verify the signature on check purchase orders to ensure that only authorized officials requisition checks.

070203. Blank Check Assemblies

- A. Assembly A. Single check style.
- B. Assembly B. Single check and two prenumbered tissue copies assembled in snap-out style interleaved with one-time carbons and 1/2 inch binding stub on the right end of the check.
- C. Assembly C. Single check with one prenumbered tissue copy assembled in snap-out style interleaved with a one-time carbon and a 1/2 inch binding stub on the right end of the check.
- D. Assembly D. Continuous form single checks, 8 1/2 inches wide (including a 9/16 inch perforated margin on each side for pinfeed or overlaten feed devices).
- E. Assembly E. Continuous form checks with right stub (4,000 checks and 4,000 stubs per carton), 15 7/8 inches wide (including a check-sized stub on the right side and a 9/16 inch perforated margin on each side for pinfeed or overlaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.
- F. Assembly ER. Continuous form checks with right stub (40,000 checks and 40,000 stubs on a roll), 15 7/8 inches wide (including a 9/16 inch margin on each side for pinfeed or overlaten feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive ICN is printed at the top of the check.
- G. Assembly F. Continuous form of two checks in tandem in fanfold (8,000 checks per carton), 15 7/8 inches wide (including a 9/16 inch perforated margin on each side for pinfeed or overlaten feed devices). Checks with preprinted symbol and serial numbers are numbered with even numbers on the left and odd on the right.
- H. Assembly G. Continuous form checks with a check-sized stub on top, 8 1/2 inches wide (including a 9/16 inch perforated margin on each side for pinfeed or overlaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.
- I. Assembly H. Continuous form of two checks in tandem (80,000 checks on a roll), 15 7/8 inches wide (including a 9/16 inch margin on each side for pinfeed or overlaten feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive ICN is printed at the top of the check. Checks ordered without prenumbered symbols and serial numbers have a consecutive ICN printed at the top.
- J. Assembly I. Continuous form checks with stub, 15 7/8 inches wide (including a check-sized stub on the left side and a 9/16 inch perforated margin on each

side for pinfeed or overplaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

K. Assembly J. One-up marginally punched sheet, 8 1/2 inches by 13 inches, includes a 9/16 inch marginal aligning strip left and right, with the option of having the marginal aligning strips removed prior to shipping (horizontal perforations every 3 1/4 inches). Each sheet will yield 4 checks, detached size 7 3/8 inches by 3 1/4 inches.

L. Assembly K. Two-up marginally punched continuous roll, with statement on the bottom. Overall width 15 7/8 inch (includes 9/16 inch aligning strip left and right). Horizontal perforations at the bottom of each check, every 6 1/2 inches. Each roll contains a leader strip (with alignment marks) a minimum of 5 feet; 40,000 checks and 40,000 statements; and a trailing strip of 5 feet minimum.

#### 070204. Emergency Checks

A. Emergency Check Orders. Send emergency orders for checks to DFAS-NPD/IN. Include the DSSN under which the checks will be issued, the name of the DO, and complete 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. Keep emergency check orders to a minimum and place them only as a last resort. Use emergency check stocks completely before using any new stock of regular issue checks. Request cancellation of emergency check orders in writing to DFAS-NPD/IN. No fees are charged for canceling emergency check orders.

B. Emergency Check Stock. DFAS sites with high volume printing equipment capable of printing the check symbol, serial numbers, and related MICR encoding on the blank check stock may use their print systems to produce pre-numbered, MICR-encoded check stock for use by disbursing offices within DoD. An example of an emergency situation is when office "A" has a fire and its entire supply of symbol 1234 check stock is destroyed. DFAS-NPD/IN can request that a DFAS site create a limited supply of emergency symbol 1234 checks for office "A" to last until regular stock is available through normal channels. The emergency check stock created bears symbol 1234 and check serial numbers in the 90-99 million range, in accordance with arrangements with Treasury FMS Check Analysis Branch. Another example where one emergency check stock system may be used is during unexpected military deployment. Emergency checks will bear the appropriate check symbol and serial numbers in the 90-99 million range. The emergency check stock system is not to be used to compensate for a DO not having ordered checks using normal procedures. Only produce emergency check stock on a print system that has a post-print verification feature to ensure the integrity of the printed and MICR encoded check symbol and serial numbers, and where internal control procedures are in place to prevent issuing duplicate payments bearing the same check symbol and serial numbers. Notify the FMS Check Analysis Branch of the check symbol and serial number ranges involved prior to the use of emergency checks.

#### 070205. Receipt of U.S. Treasury Checks

A. Receipt. Upon receipt of a check shipment, the DO or designee **verifies** that all checks have been received and, based on a representative sample, 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 which bears 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 after a check order is shipped. The upper portion of the form describes the checks being shipped. The lower portion of the form is an inspection receipt report. **After receipt and verification of the check order, sign the form and forward it to DFAS-NPD/IN**.

B. Warranty. The vendor provides a 120-day warranty on the checks it produces. The warranty period begins 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 if check stock is defective in some other way and replacement of stock is warranted, contact DFAS-NPD/IN.

2. If checks are damaged upon receipt, in addition to the notification above, the DO should contact the trucking company; if checks were sent by registered mail, contact the U.S. Postal Service to initiate a claim for damages, if appropriate.

3. 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-NPD/IN, the DO **must** destroy each check which bears a duplicate serial number. **Do not report** check serial numbers of the duplicate checks as zero dollar amount in the check issue report, since the remaining checks bearing these **same** serial numbers may be issued in the normal manner. **Mark** the checks bearing the duplicate numbers “VOID - NOT NEGOTIABLE” and destroy them locally within 30-days.

4. If checks are discovered missing in the receipt verification process or at any time thereafter, **notify both DFAS-NPD/IN** and the nearest DoD Component investigative service for referral and liaison with the U.S. Secret Service.

5. If checks are received that are intended for another disbursing office, **immediately contact DFAS-NPD/IN** for instructions regarding the shipment.

**070206.** Transfers Between Dos

**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**.

## 0703 ISSUANCE OF U.S. TREASURY CHECKS

## 070301. Check Preparation

**Issue checks** in strict numerical sequence within each series. The information essential to a check includes place of issue, date, serial number, payee, amount, signature of drawer, and other identifying information such as the symbol number and designation of title. Do not print legends such as "SALARIES AND EXPENSES" or "DRAWN FOR ABOVE OBJECT" on the face of a check. 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 the purpose intended. Do not leave any spaces unfilled in a manner that would allow or facilitate alterations and additions that could lead to forgery or fraud. 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 outlined herein is permitted unless authority first is obtained from DFAS-NPD/IN.

## 070302. Reporting Large Disbursements by Check

Since the FMS is solely responsible for the management of the government's daily cash position, **inform FMS in advance of any check** disbursement transaction affecting the cash position. DOs who disburse \$50 million or more in a single transaction or in multiple transactions of a common nature, **report the disbursement to FMS** at least **two (2)** business days before the payment date. For example, a DO that issues 350 various vendor payments totaling \$50 million or more on the same day or issues a payroll totaling \$50 million or more on one day, sends a report to the FMS. A 5-business-day advance notice is required if a disbursement of over \$500 million is anticipated. When specific disbursement information has not been finalized, inform the FMS daily (by 9:30 a.m. eastern time) of approximate amount and payment date. Information on large disbursements should be reported by FAX to the FMS at commercial (202) 874-9945 or (202) 874-9984 using FMS Form 187 (Advance Notice of Large Deposits or Payments of \$50 Million or More). If the report is given to the FMS on other than an FMS Form 187, it **must** contain:

- A. Name and address of the DoD Component (e.g., Air Force)
- B. Name and telephone number of DO
- C. DSSN
- D. Appropriation or fund account charged (minimum of six digits, with the first two digits identifying the department)
- E. Description of transaction
- F. Transaction settlement date

- G. Amount of the disbursement
- H. Payment mechanism (wire transfer or check)
- I. Check number for check payments
- J. Payee name and address.

Retain a copy of the report with the DO's monthly financial records.

070303. Check Print Requirements

A. General. Any 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 employed to remove or to alter the printing without affecting the check itself. Impact printers may be used. Do not use laser type printers which only lay an image on the surface of the paper. Laser type printers with toner may be used provided the toner is used to fuse the print onto the check. Correctable ribbons used in manual preparation of checks lack the permanence necessary to protect against undetectable alteration, therefore do not use such ribbons under any circumstances. The correct position of the date, amount, payee name, and the signature of the DO is determined by the physical characteristics and layout of the blank check. Deviations from the normal positioning of this information should be avoided. In order to standardize printing and facilitate accuracy verification, words on checks should be inscribed all in uppercase (i.e., capital) letters and punctuation should be omitted, except commas used in addresses and to set off names of more than two payees.

B. Pay to the Order of. Inscribe the payee's name on checks in such a manner as to assure positive identification. To ensure correct endorsement and for other reasons that have established the custom, the surname of the payee should appear last; the correct order is first name, middle name or initial, and last name. Where the payee has an often used surname (such as "R T Jones" or "J G Smith"), the use of initials only instead of the full given name is inadequate to provide a positive identification of the rightful payee. An initial, in lieu of a first name, will be used only as follows: in cases where the payee's legal given names consist of initials only in which case the words, "Initials Only," should be shown 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 other positive identifying data such as the payee's social security number (SSN) or address is on the check. While not a violation of the Privacy Act, when a payee's SSN is entered on the check, the SSN should be inscribed in a location where, if mailed, it will not be visible in the envelope window. When checks are to be mailed, care should be exercised to assure that the full and complete address of the payee is entered on the checks or envelopes, including as necessary; rural route numbers, box numbers, house numbers, zip codes, and any other information essential for correct delivery.

C. Date. The date is to be printed 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. The numeric dollar amount is to be printed in the upper right quarter section of the check in the area above the signature of the DO and below the checking account symbol; it should be 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 followed by asterisks** (e.g., \$\*\*\*\*\*123.45). No space should be left unfilled that otherwise might be susceptible to use for fraudulent insertion. **Do not use zeroes as fill-in characters preceding the money amount. Do not use commas in the money amount to reduce opportunities for amount alterations.**

E. Written Dollar Amount. The printing of the amount in the body of a check in words offers greater protection against the alteration of amounts. If it is determined by a disbursing activity that substantial savings in the cost of issuing checks would result or that space is limited, figures only, without any spacing within the amount, may be used in one of the following formats: \$50 and 75 cents; \$50 and 75/100; or, \$\*\*\*\*\*50.75.

F. Other Special Information. Special information (e.g., distribution code, computer or typewritten check serial number, SSN, or explanations for check issuance) should be printed 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. When checks are issued by an industrial-commercial activity or on a voucher to various payees and no copy of the invoice or voucher is available for forwarding to the payee, **show** the invoice number or other data necessary for the payee to identify the purpose of the payment in the special information area. Activities issuing individual electronic funds transfer (EFT) payments to financial institutions that are not part of the National Automatic Clearing House Association System include the **following** required EFT information: routing and transit number; account type (“C” or “S,” for checking or savings account, respectively) or “CR” to indicate a correction reversal transaction; account number, and type of payment; recipient’s name and SSN; and local activity information. NOTE: If used, the local activity information **must** be inscribed on the check so it is readable, does not interfere with any of the other inscribed or preprinted information, and does not appear in the envelope window.

G. Area for Drawer’s Signature. Each check issued **must** bear one of the following: the manual signature of the DO; an approved facsimile signature of the DO; or the manual signature of a **DDO** who has been appointed as prescribed in 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 DO’s Signature)

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

070304. Erasures and Alterations

The DO **must** not release checks bearing erasures, alterations, overprinting, or imperfect figures or letters. Such checks **are** spoiled or voided and a new check issued.

070305. Record of Checks Issued

Each DO **must** maintain a record of checks issued by his or her DSSN. The record **must** contain at least the following 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.

070306. 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 these supporting documents to the Treasury with the check issue reports. Submit diskettes formatted for check issue reporting to DFAS site for consolidation and entry to Defense Check Reconciliation Module (DCRM). **Include all the necessary data for the Treasury's reporting purposes in the electronic flat file.** See Chapter 9 for the requirements for submission of the **SF 1179**.

0704 CHECK SIGNING MACHINES

070401. Machine Specifications

**Select check signing machines** on the basis of their ability to perform in agreement with the Treasury regulations and standards. Impact check signers using rubber signature dies or approved laser check printers containing digitized signatures may be used. The machines should have the following mechanical features:

A. A dating device capable of placing the date either immediately above or immediately 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 is capable of handling this type of check.

C. Laser check printers with digitized facsimile signature capability. The DO signature feature must be key controlled or the computer chip containing the digitized signature must be removable. The key and/or the chip controlling the signature capability will be kept in a locked safe or vault or under other equally effective safeguards when not in use.

070402. 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 such as type of equipment, model, serial number, and number of plates required. If the prospective DO already has a compatible signature medium, [he or she requests](#) DFAS-NPD/IN send it to the new location. Otherwise, the prospective DO sends three specimen official signatures to the new duty station for use in procuring a new signature plate. 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 plate as explained in subparagraph 070402A2. Upon receipt of the specimen signatures, the [outgoing/relieved](#) DO immediately prepares and forwards a request for procurement to the office regularly providing procurement service. [Forward](#) the purchase order for signature plates to DFAS-NPD/IN for approval and forwarding to the contractor. DFAS-NPD/IN ensures sequential numbering of the medium. The purchase order [must](#) include the following statement:

“Signature plates for impact type check signers are rubber stamps containing the prescribed facsimile signature of the DO. Digitized signature medium are normally Dual In-Line Memory Module (DIMM) or Single In-Line Memory Module (SIMM) computer chips containing the DO signature or Computer Diskettes containing a digitized signature of the DO that is loaded to the laser printer check signing software.”

Additionally, the following information is required:

- 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.
- d. The plate number and the name of the DO.

2. Numbering of Signature Plates and Digitized Signature Medium. The Treasury regulations require that the signature plates or digitized signature medium of each DO be numbered in sequence in the lower left corner of the border beginning with the number 1.

**Include on** each order for signature plates or digitized signature medium the next sequential number for the ordering DO.

3. Multiple Plates or Digitized Signature Medium. Normally, only one signature plate or digitized signature medium will be used by the DO and authorized deputies. Additional plates, digitized signature medium or multiple types of signature medium may be obtained only upon approval of DFAS-NPD/IN. Requests for additional plates, digitized signature medium or multiple types of signature medium, **must** contain complete justification of the need for more than one plate for digitized signature medium or multiple types of signature medium. If the check-signing machine uses one set of two plates for signing, **additional sets of plates may be obtained only upon approval of DFAS-NPD/IN.**

B. Format and Quality of Impression or Digitized Signature. DFAS-NPD/IN will not accept facsimile signatures that do not meet the required standards. **Design** facsimile signature plates or digitized medium **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 plate or digitized signature **with sharp lines**, a continuous and homogeneous deposit of ink, absence of filling, and absence of pronounced ribbon pattern.

C. Approval of Plates or Digitized Signature Medium. When the plates or digitized signature medium are received, the DO whose signature is reproduced on the plates or digitized signature medium, **must run** 14 specimen copies of each facsimile signature. The DO **certifies** two of the copies as true facsimile signatures. **Mail** all 14 copies to DFAS-NPD/IN with a memorandum requesting approval of the facsimile for signing checks. The reply of approval from DFAS-NPD/IN **is the** authority to use the check-signing machine. In the case of Cummins check signing machines, the contractor (Cummins) runs 14 specimen copies of each plate. The plates are mailed to DFAS-NPD/IN, where the specimen copies are compared to the original signatures on the purchase order, and approval is forwarded to the disbursing office. If the specimen copies do not match or the plate does not meet required standards, **DFAS-NPD/IN notifies the contractor and requests correction.** NOTE: **Do not sign** checks by facsimile signatures prior to receipt of DFAS-NPD/IN approval.

D. Custody of Signature Plates and Digitized Signature Medium. The DO **establishes the** necessary procedures to ensure control and prevent unauthorized use of signature plates and digitized signature medium. Maintain custody receipts for all signature plates and digitized signature medium held by authorized deputies. **Also, maintain** 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 plates and digitized signature medium in an approved safe or vault. If the signature dies or digitized signature medium are not removable from the check signing machine, **keep** the keys to the machine (or the check signing machine) **in an approved safe or vault.**

E. Use of Signature Plates and Digitized Signature Medium. Check signing by signature plate or digitized signature medium should be performed by 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 the check

signing function. **Do not appoint** individuals as **DDOs** solely to sign checks by signature plate or digitized signature medium.

F. Destruction of Signature Plates and Digitized Signature Medium. If a signature plate or digitized signature **medium** is to be withdrawn from service (e.g., not to be used again, DO retiring from service), or it is unserviceable, it **must** be destroyed locally. When the plate or digitized signature **medium** is to be destroyed, it must be destroyed at the site by someone other than the DO and witnessed by two individuals equal to or senior to the DO. Prior to the destruction of the signature plates or digitized signature medium, **the DO verifies** the signature plate number and serial number of the digitized signature medium, and witnesses the information on the certificate of destruction. Identify in the **certificate of destruction** the typed name, title, grade or rank of the DO, complete mailing address of the disbursing station, date of destruction, method of destruction, DSSN, typed name, title, grade or rank of the witnessing individuals, DO's signature, and a statement as to whether the digitized signature medium had or had not **been** loaded to a printer or check signer software. If a signature plate is destroyed, **include in the certificate of destruction** the specific plate number and an inked impression of the plate. If a digitized medium containing the DO's signature is destroyed, and that signature has 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 plate or digitized signature medium. Immediately upon destruction, **the DO forwards** the original **certificate of destruction** to DFAS-NPD/IN for inclusion in the DO's DSSN file and a copy of the **certificate of destruction is** retained at the disbursing office. DFAS-NPD/IN **compares** the signature plate number and digitized signature **medium** serial number listed in the certificate of destruction to the original purchase documents to verify that the witnesses actually monitored the destruction of official plates or signature **medium**.

G. Disposition of Plates and Digitized Signature Medium. When a signature plate or digitized signature medium is expected to be used again at a new duty station, **forward** the plate or digitized signature media to DFAS-NPD/IN for safekeeping.

## 0705 EXCHANGE-FOR-CASH CHECKS

### 070501. General

Accommodation exchange-for-cash checks are permitted only when satisfactory banking facilities do not exist and typically only overseas. A list of persons eligible to receive these checks is in Chapter 4. These checks may be prepared and issued by DoD DOs for official purposes to a **DDO**, agent, or cashier as an advance of funds; to the U.S. Postal Service 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. When these checks are issued to advance funds, the **DDO**, agent, or cashier **prepares and forwards** the DO a signed Department of Defense **(DD) Form 1081** (Statement of Agent Officer's Account) as prescribed in Chapter 3. Exchange-for-cash checks issued as advances of funds **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).” When these checks are issued for remitting collections for the sale of postal money orders or personal messages, **make** them payable to the “Disbursing Officer, U.S. Postal Service,” or “Western Union,” as appropriate.

070502. 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. These checks to payees within the United States **are** drawn on the Treasury; those for payees outside the United States **are** drawn on a limited depository checking account if such an account is maintained by the DO. DOs may draw these checks payable to themselves, a **DDO**, or an agent for purposes of obtaining operating or accommodation cash. When authorized in writing by the DO, **DDOs** may draw these checks payable to themselves for purposes of obtaining operating or accommodation cash. Support these checks with a memorandum Optional Form **(OF) 1017-G** (Journal Voucher). Number the OF 1017-G with a separate series of voucher numbers peculiar to the functional area where the voucher is prepared.

070503. Funds of Deceased or Missing Persons

A. Exchange funds found in the personal effects of a person who has died or is missing in action for a U.S. Treasury check payable to the payee designated by the officer having custody of the personal effects. The object for which drawn as “Exchange-for-cash—Remittance; personal effects of (name, rank or rate, file or service number).” **Draw** a separate exchange-for-cash 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.

B. Collect funds found in the personal effects of a person whose whereabouts are unknown (including absentees and deserters) into **fund account** 20X6133, Payment of Unclaimed Moneys for amounts \$25 or more, and into **fund account** \*\*1060, Forfeitures of Unclaimed Money and Property for amounts less than \$25. **Make** a separate collection for safekeeping deposits of each such person and include the safekeeping deposit number **in the collection voucher** (see Chapter 27). **Provide** a copy of the collection voucher to the officer having custody of the personal effects.

070504. Exchange-for-Cash Checks Returned as Not Required

Do not cancel exchange-for-cash checks issued for advances of funds to deputies, agents, and/or cashiers which are returned to the DO as “not required.” The **DDO**, agent, or cashier provides the DO with a completed DD Form 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 5. 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 payable to the purchaser and **must be** negotiated by the payee.

070505. Exchange-for-Cash Checks Lost, Stolen, or Destroyed

A. When Issued to an Individual. When the payee of an exchange-for-cash check reports that the check has been lost, stolen, or destroyed, the DO follows Chapter 8. For “Unavailable Check Cancellations,” under no circumstances will the DO issue a recertified payment to the payee prior to receipt of credit for the original check from the Treasury. This is necessary since the original check was issued in exchange for cash and was not based on any entitlement chargeable to an appropriation.

B. When Issued as an Advance of Funds to a DDO, Agent, or Cashier. In the case of lost, stolen, or destroyed exchange-for-cash checks that were issued as advances of funds, the DDO, agent, or cashier remains accountable for the funds. The DDO, agent, or cashier accounts for the check as a loss of funds on the DD Form 1081; see Chapter 6. If considered necessary by the DO due to operational requirements, the lost check may be replaced by a recertified payment check (or a new advance given in cash). Document the recertified payment or the new advance on a DD Form 1081 signed by the DDO, agent, or cashier. Attach a copy of the SF 1184 (Unavailable Check Cancellation) to the DD Form 1081 to document the status of the lost check and the accountability of the DDO, agent, or cashier; see Chapter 8. When credit for the lost check is received, the DO prepares a SF 1080 (Voucher for Transfers Between Appropriations and/or Funds) to transfer the credit from “Unavailable Check Cancellations and Overpayments, Suspense, fund account \*\*F3880”, to offset the loss of funds in the DO’s accountability. Provide 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. File a copy of the SF 1080 with the unavailable check cancellation documentation. In cases where 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 held accountable for the original lost check and the loss of funds will be re-established. Apply normal loss of funds and relief of liability procedures.

#### \*0706 ACCOUNTING FOR CHECK ISSUE DISCREPANCIES

##### 070601. Adjustment of Duplicate Checks

The Treasury will charge the disbursing office, using a SF 5515 (Debit Voucher), for the second check received for payment with the same DSSN and check serial number. Should a DO receive an SF 5515 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. The DO cross-references the SF 1184 with the memorandum copy of the SF 5515 since the disbursing office may, in the future, need a copy of the duplicate check for claim purposes.

##### 070602. Advice of Check Issue Discrepancy

The Treasury uses the FMS Form 5206 (Advice of Check Issue Discrepancy) to notify DOs of check issue discrepancies. The form is computer-generated and contains a complete description of the discrepancy. The Treasury furnishes three copies of the form and a copy of the check referenced on it to the DO, who is responsible for making the required adjustment. The form is a correcting entry and changes the amount reported on the check issue report to the actual amount on the face of the check. (See Tables 7-1, 7-2, and 7-3.)

A. DO Action Upon Receipt of FMS Form 5206. Upon receipt of the FMS Form 5206, [the DO researches the check issue date](#) to determine if a payee has been overpaid or underpaid, and collects or disburses the adjustment amount for the check that was issued for the wrong amount. If the payee has not been overpaid or underpaid, but incorrect check issue information has been reported to the Treasury, [process the FMS Form 5206](#) on the DO's [SF 1179](#) and [SF 1219](#), even though the documents net to zero. If offsetting FMS Forms 5206 have not been received, the DO [must](#) identify the offsetting error(s) to make the transaction net to zero, and prepare a [OF 1017-G](#) to advise the Treasury of the discrepancy. The DO [makes](#) the necessary adjustment following the procedures described in this section.

B. For Navy DOs Aboard Ships. If the FMS Form 5206 affects the accountability of a previous DO, the current DO forwards the form 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, a copy of the applicable check issue record, SF 1179, and disbursement voucher are reproduced from the former DO's retained records forwarded with the FMS Form 5206.

C. FMS Form 5206 for Another DSSN. If an FMS Form 5206 is received which cites a DSSN different from than that of the receiving disbursing station, [forward](#) the form with a memorandum to the correct disbursing station, if identifiable. If the receiving DO is unable to identify the disbursing station indicated on the FMS Form 5206, [return the form](#) to the Treasury with a memorandum stating the reason for returning the form without action.

D. Corrective Action Previously Accomplished. If an FMS Form 5206 is received citing a discrepancy which was discovered and reported by use of an OF 1017-G, [attach a copy](#) of the OF 1017-G to the FMS Form 5206 and return the documents to the Treasury without further action.

E. DO Identifies Check Issue Report Discrepancy Prior to Receipt of FMS Form 5206. If a check issue report discrepancy is discovered after the DO reports the check issues to the Treasury and an FMS Form 5206 has not been received, [the DO](#) must notify the Treasury's Check Analysis Branch in writing to request a reporting adjustment. The Check Analysis Branch will issue a Notification of Check Issue Correction-DO Requested for each adjusted check. The DO forwards all adjustment requests to the Check Analysis Branch within [one \(1\)](#) year. Once a "limited payability" cancellation has occurred, the Check Analysis Branch cannot process the requested adjustment.

#### [070603.](#) Overdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of \$1.01 or more for overdrafts require collection of the overpayment or, in infrequent cases, a supplemental charge to an appropriation or fund. Upon receipt of the FMS Form 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 cited on the document occurred. This is to validate that a discrepancy in fact occurred and determine the corrective action required to resolve it. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the

documents listed above), [record](#) the FMS Form 5206 on the DD Form 2657. Refer to [subparagraph 070603E](#) for instructions when the DO identifies the discrepancy prior to receipt of the FMS Form 5206 from the Treasury.

B. Distribution of FMS Form 5206. Distribute FMS Form 5206 as follows:

1. The [DO completes](#) the first copy of the FMS Form 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. At the end of the month, [record](#) the FMS Form 5206 on the SF 1179 (line 2(a) of the Summary portion) and include it in the amount on line 3. [Also record](#) the form on the reverse of the SF 1219. If the discrepancy is still 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 Forms 5206 and OF 1017-G (with supporting documents) in an unclaimed differences file pending resolution of the discrepancy.

D. Adjustment Prior to 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) covering the period during which the check was issued. In this event, preparation of the OF 1017-G is not required if (1) the check is recovered and voided prior to submission of the check issue report ([the non-negotiated check](#)); and (2) the check is correct but the payment voucher is incorrect but subsequently is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply 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 have been submitted (covering the period in which the discrepancy occurred), the DO or [DDO makes](#) the following adjustments to financial records and prepares the necessary documents as required below. Prepare an [OF 1017-G](#) for a check issue overdraft as shown in Figure 7-2. [Post](#) the [DD Form 2657](#) (Daily Statement of Accountability) 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, [record](#) the OF 1017-G on the [SF 1179](#) (line 2(b) of the Summary portion) and include in the amount recorded on line 3. [Also record the](#) OF 1017-G on the reverse [side](#) of the [SF 1219](#). [Attach](#) the original of the OF 1017-G 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 the SF 1219 (line 7.2 (Receivables – Check Overdrafts)) and the remaining copies of the OF 1017-G for retention in the uncleared differences file. Reproduce additional copies of the form as required.

F. Resolving Check Issue Overdrafts

1. Resolve overdrafts by collection or supplemental charge to an appropriation. Collection is appropriate when the check was issued in an amount greater than the payee was actually entitled to receive. Supplemental charges to an appropriation are required when the amount of the check is correct but the payment voucher is for a lesser, incorrect amount. See [subparagraphs](#) 070603F2 – 4 for the three ways to clear the overdraft. 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.

2. By Collection. Upon receipt of a collection (in cash or by check, money order, or other negotiable instrument), the DO prepares an OF 1017-G to document the transaction and [posts](#) the DD Form 2657 to reflect an increase in Cash (or Deposits Presented or Mailed to Bank) and a decrease in Receivables – Check Overdrafts. For this transaction, only the DO’s accountability is affected and no credit to an appropriation is involved.

3. By Supplemental Charge to Appropriation. When it is determined that the overdraft was caused by undercharging the appropriation or fund against which the original check was drawn, [the DO prepares a SF 1034](#) (Public Voucher for Purchases and Services Other Than Personal) [or a one-sided SF 1080](#) (Voucher and Schedule of Withdrawals and Credits), records [it](#) against the undercharged appropriation or fund, and [posts](#) the DD Form 2657 to reflect a disbursement and a decrease in Receivables – Check Overdrafts. Do not issue a check in this transaction.

4. By Supplemental 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 entry of proper charges to a member’s master military pay account. [Prepare a 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 Form 2657 to reflect a disbursement and a decrease in Receivables – Check Overdrafts.

[070604.](#) Underdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of \$1.01 or more require a supplemental check issue to the payee or, in infrequent cases, a credit to an appropriation or fund. Upon receipt of the FMS Form 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 cited on the form occurred. This is to validate that a discrepancy actually occurred and determine the corrective action required. Unless the FMS Form 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 value of the underdraft to

deposit fund “Accounts Payable – Check Issue Underdrafts, [fund account \\*\\*X6999](#)”. [Record the DD Form 1131](#) and the FMS Form 5206 on the DD Form 2657 as a decrease to Checks Issued and an increase to Collections. The DO’s total accountability is unchanged. At the end of the current reporting period, [record](#) the FMS Form 5206 on the SF 1179 (line 2(a) of the Summary portion) and on the reverse of the SF 1219. See subparagraph 070604D for instructions when the DO identifies the discrepancy before receipt of Treasury notification.

B. Distribution of the FMS Form 5206. Distribute the FMS Form 5206 as follows:

1. [Complete](#) the first copy of the FMS Form 5206 and attach it to the SF 1179 for the current reporting period to support line 2(a) titled “Net Dollar Adjustments to Prior Months” and include in the amount recorded 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 and at least two copies of the DD Form 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 Prior to Submission of Financial Reports. In some instances, underdrafts may be discovered before submission of the financial reports (SF 1219 and supporting documents, and the SF 1179) covering the period during which the check was issued. In this event, preparation of the DD Form 1131 is not required if (1) the check is recovered and voided prior to submission of the check issue report ([the non-negotiated check](#)), and (2) when the check is correct but the payment voucher is incorrect and subsequently is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions apply 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 [makes](#) the following adjustments to financial records and prepare the necessary documents as required in [subparagraph 070604E](#). [Prepare](#) a DD Form 1131 crediting deposit fund “Accounts Payable - Check Issue Underdrafts, [fund account \\*\\*X6999](#)”. [Post](#) the [DD Form 2657](#) to record a decrease to Checks Issued and a collection. The DO’s total accountability is unchanged. At the end of the accounting period, [record](#) the DD Form 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 Form 1131 on the reverse of the [SF 1219](#). [Attach](#) a copy of the DD Form 1131 to the SF 1179 submitted with check issue reports. [Retain](#) two copies of the DD Form 1131 in the uncleared differences file until the discrepancy is cleared.

E. Resolving Check Issue Underdrafts. The two ways to clear an underdraft discrepancy are described [in the following subparagraphs](#). 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. By Supplemental Check. When the payee is entitled to the amount of the underdraft, prepare a SF 1034 charging “Accounts Payable – Check Issue Underdrafts, [fund account \\*\\*X6999](#)”. [Draw](#) a check in favor of the original payee. [Post](#) the DD Form 2657 to record a check issue and a disbursement. Total accountability is unchanged.

2. By Credit to an Appropriation. When an underdraft discrepancy is caused by overcharging the appropriation and credit is due the appropriation, the DO [prepares](#) a DD 1131 and charge “Accounts Payable – Check Issue Underdrafts, [fund account \\*\\*X6999](#)” and credit the appropriation charged on the original payment voucher. [Post](#) the DD Form 2657 to record a collection and a disbursement. Total accountability will be unchanged.

#### [070605.](#)      [Discrepancies of Less or More Than \\$1](#)

A. Discrepancies and Claims of \$1 or Less. Treasury adjusts discrepancies of \$1 or less between the amount of a check as reported 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.

B. Discrepancies of \$1.01 or More. The DO [prepares](#) an OF 1017-G as prescribed in this section to account for a check issue discrepancy of \$1.01 or more for any prior or current month’s check issue errors that are detected by the disbursing office. Do not prepare a [OF 1017-G](#) for check issue errors detected over [one \(1\)](#) year from the issue month of the check. The DO [does not have](#) to wait to receive an FMS Form 5206 from the Treasury. Prepare an OF 1017-G as soon as the DO 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](#) OFs 1017-G.

#### [070606.](#)      [Adjustments to Financial Reports Previously Submitted](#)

Upon clearance of a check issue discrepancy (overdraft or underdraft), [remove](#) the file copy of the FMS Form 5206, OF 1017-G, or [DD Form 1131](#) from the uncleared differences file and [use](#) one of the following legends [to annotate](#) as appropriate: “See Deposit Ticket No. \_\_\_\_, dated \_\_\_\_;” “See Check No. \_\_\_\_, dated \_\_\_\_;” or “See Adjustment Voucher No. \_\_\_\_, dated \_\_\_\_.” [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.

#### [070607.](#)      [Erroneous Information Reported on the FMS Form 5206](#)

If, after review of the FMS Form 5206, the copy of the check, the disbursement voucher, and the check issue report data, the DO determines that the check was paid for a different amount than when issued, [return](#) the FMS Form 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 Form 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 Form 5206 to the Treasury [is](#) sufficiently clear to enable the Treasury to initiate reclamation action through the banking system.

#### [070608](#). Relief of Liability

Both underdrafts and overdrafts would be either illegal, incorrect, or improper payment irregularities in the accounts of the DO. The DO has the authority and the means to correct underdrafts. Overdrafts frequently are not within the power of the DO to correct. If the check issue overdrafts 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, as appropriate, may be requested following the procedures in Chapter 6.

Figure 7-1. Government Printing Office FORM 2431 (Print Order-Department of the Treasury Checks and Proofs)

GPO Form 2431  
 (R 1-96) P-51632-6

**U.S. GOVERNMENT PRINTING OFFICE**  
**PRINT ORDER – DEPARTMENT OF THE TREASURY CHECKS AND PROOFS**

---

Agency order # \_\_\_\_\_ (Signature and Title) \_\_\_\_\_

2. TYPE OF ORDER  
 CHECKS     GRID  
 PROOF     REVISION TO PROOF

---

**GOVERNMENT PRINTING OFFICE INFORMATION**

3. PROGRAM <b>C249-\$</b>	4. JACKET	5. OBJECT CLASS <b>24:00</b>	6. ESTIMATED COST	7. DATE	8. PRINT ORDER
9. DEPARTMENT		10. REQUISITION	11. BAC	12. TITLE <b>TREASURY CHECKS</b>	
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 SHIPPING DATES					

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**AVAILABLE CHECK ASSEMBLIES 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	AVAILABLE STATEMENT OPTIONS (For Assemblies E, ER, ES, G, GS and I only) OPTION A OPTION B OPTION C OPTION D OPTION E OPTION F OPTION G
<input type="checkbox"/> B. SINGLE SET W/2 CARBONS	<input type="checkbox"/> 1,000	<input type="checkbox"/> 2,000	<input type="checkbox"/> 4,000	
<input type="checkbox"/> C. SINGLE SET W/1 CARBON	<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 – 4,000 CHECKS AND 4,000 STUBS				
<input type="checkbox"/> ER. CONTINUOUS W/RIGHT STUB – 40,000 CHECKS AND 40,000 STUBS PER ROLL				
<input type="checkbox"/> ERP. CONTINUOUS W/RIGHT STUB – 40,000 CHECKS AND 40,000 STUBS PER ROLL				
<input type="checkbox"/> ES. CONTINUOUS W/RIGHT STUB – 4,000 PAYROLL STATEMENTS AND 4,000 STUBS				
<input type="checkbox"/> ESR. CONTINUOUS W/RIGHT STUB – 40,000 STATEMENTS AND 40,000 STUBS PER ROLL				
<input type="checkbox"/> F. CONTINUOUS – 2 UP – 8,000 CHECKS				
<input type="checkbox"/> G. CONTINUOUS – W/TOP STUB	<input type="checkbox"/> 1,000 CHECKS	<input type="checkbox"/> 2,000 CHECKS		
<input type="checkbox"/> GB. CONTINUOUS – 2,000 CHECKS/STUBS				
<input type="checkbox"/> H. CONTINUOUS – 2 UP ROLL – 80,000				
<input type="checkbox"/> HP. CONTINUOUS – 2 UP ROLL – 80,000				
<input type="checkbox"/> I. CONTINUOUS – W/LEFT STUB	<input type="checkbox"/> 2,000 CHECKS	<input type="checkbox"/> 4,000 CHECKS		
<input type="checkbox"/> J. SINGLE SHEET – 3 UP ROLL – 80,000				
<input type="checkbox"/> JS. SINGLE SHEET – 3UP – 1,000 CHECKS AND 2,000 STUBS				
<input type="checkbox"/> K. SINGLE SHEET – 4 UP – 4,000 CHECKS				
<input type="checkbox"/> KS. SINGLE SHEET – 4 UP – 1,000 CHECKS AND 4,000 STUBS				

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25. AVAILABLE CHECK TYPES – REGULAR CHECKS <input type="checkbox"/> RP <input type="checkbox"/> RP-NB <input type="checkbox"/> RB <input type="checkbox"/> RB-NB	26. CONTROL CHECKS <input type="checkbox"/> C <input type="checkbox"/> C-NB
---	--

IF CHECKED, BOX 27 MUST BE COMPLETED

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27. CHECK SYMBOL, SERIAL AND INVENTORY CONTROL NUMBERS

SYMBOL AND SERIAL NUMBERS MUST BE SHOWN ON ALL ORDERS FOR REGULAR PREPRINTED CHECKS. TYPE RP OR RE-NB <b>SYMBOL</b> _____ <b>SERIAL NUMBERS</b> _____ FROM _____ TO _____ Ascending <input type="checkbox"/> Descending <input type="checkbox"/>	IF CHECK TYPES RB OR RB-NB SHOW SPECIFIC RANGE <b>INVENTORY CONTROL NUMBERS (ICN)</b> FROM _____ TO _____
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28. PROOF NO. \_\_\_\_\_ FOR REVISION COPY OF PROOF WITH CHANGES INDICATED ATTACHED

29. PRINT FROM  EXISTING PROOF     CORRECTED PROOF     NEW PROOF

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30. TYPE OF CHECK PRINTING EQUIPMENT	31. TYPE OF BURSTING EQUIPMENT	32. METHOD USED TO REPORT CHECK ISSUES <input type="checkbox"/> MAGNETIC TAPE <input type="checkbox"/> OTHER
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33. REMARKS \_\_\_\_\_

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34. ISSUE STATISTICS AND ESTIMATES (If quantities differ significantly, explain under REMARKS in item 33 above) Ordering Agency to Complete

QUANTITY ISSUED		AVERAGE MONTHLY ISSUE EXPECTED
LAST CALENDAR MONTH	CALENDAR MONTH BEFORE LAST	
FOR QUESTIONS ON THIS ORDER CONTACT (Ordering Agency) NAME _____ TELE NO. ( ) _____		AGENCY NUMBER _____

PART 1 – VENDOR COPY

Figure 7-1. [Government Printing Office](#) FORM 2431 (Print Order-Department of the Treasury Checks and Proofs) (Continued)

Complete GPO Form 2431 blocks as follows:

1. Agency order # **028-4-DSSN-01** (Agency #-FY-DSSN-FY order #)
2. Type of order
4. Jacket No = **304-800** (Effective 10/1/03)
9. Department (**US Navy**)
10. Requisition = **4-00330**
11. BAC = **5001-04**
17. Ship to:
18. Fund Cite **See Block 33**(Add appropriation to blk 33)
20. Quantity
21. Requested shipping dates (when you want the checks to arrive)
23. Domestic or Overseas
24. Available Check Assemblies and Volumes (**D Continuous 1-up**)
25. Available Check Types (**RP-NB**)
27. Check Symbol, Serial, and Inventory Control Numbers Beginning with  
xx,xxx,000 and ending with xx,xxx,999
28. Proof No. (can be added when order forwarded to DFAS)
29. Print From: **Existing Proof**
30. Type of check writing equipment
31. Type of bursting equipment
32. Method used to report check issue
33. Remarks - (Please put POC and e-mail in this block)
34. Issue Statistics and estimate

Leave the name for questions (at bottom of form) blank. Send the form to:

Defense Finance & Accounting Service-Indianapolis  
Disbursing/Debt Management Policy Division  
Policy & Performance Management Directorate (DFAS-NPD/IN)  
8899 E. 56th Street  
Column 329F  
Indianapolis, IN 64249-0500

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

Optional Form 1017-G (9-79) Title 7, GAO Manual 501017-810			
<b>JOURNAL VOUCHER</b>			
		J.V. No. 25 Date Oct 23, 20XX	
REFERENCE	EXPLANATION	DEBIT	CREDIT
DV # 475129	Accounts Receivable—Check Issue Overdraft  Check Issue, Sep XX  Check was drawn for \$1500.00 payable to Joe Doe. The payee was due only \$1000.00, which was the amount shown as charged to the appropriation on the disbursement voucher.  DSSN: 2222 Check No.: 00,141,123 Date Issued: Sep 21, 20XX Original Amount Reported: \$1000.00 Correct Issue Amount to be Reported: \$1500.00	500.00	500.00
	Total	500.00	500.00
Prepared By <u>    Darrell Johnson    </u> (Signature)		Approved By <u>    Hank Snow    </u> (Signature)	
_____ Deputy Disbursing Officer (Title)		_____ Deputy Disbursing Officer (Title)	

Table 7-1. Checklist for DO's Check Issue Reporting and Check Reconciliation

	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 the problem.		
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, take corrective action to void 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 Department of 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 Department of 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 Department of the Treasury and Level 8 reporting? (See guidance Chapter 8.)		
11	Did the DO process the Month End Check Issue Summary ( <a href="#">SF 1179</a> ) by consolidating the data into the Statement of Accountability ( <a href="#">SF 1219</a> ) 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 guidance in Chapter 9 if corrective action is required.)		
12	Did the current month's SF 1179 also show prior month adjustment to check issue totals (in accordance with Chapter 9)?		
13	Did the DO receive an Advice of Check Issue Discrepancy (FMS Form 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 SF1219? Use the original transaction date cited on the FMS Form 5206 when recording the adjustment.		
15	When the payee was not overpaid or underpaid, but incorrect check issue information has been reported to the Department of 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 Department of the Treasury adjust the Check Issue Report?		

Table 7-1. Checklist for DO's Check Issue and Check Reconciliation (Continued)

	<b>Disbursing Officer's Check Issue Reporting and Check Reconciliation</b>	<b>Completed</b>	
		<b>Yes</b>	<b>No</b>
<b>16</b>	When the DO discovers a discrepancy and prepares a Journal Voucher ( <b><u>OF 1017-G</u></b> ) before a FMS 5206 is received from the Department of the Treasury, has the correction been reported on the SF 1219, line 2.12, in accordance with Chapter 19 and on the monthly SF 1179?		
<b>17</b>	Did the DO take necessary actions to clear the FMS Form 5206 discrepancies in accordance with this chapter?		
<b>18</b>	Did any disbursing personnel have access to DCRM? If yes, what level and purpose?		
<b>19</b>	Did the DO coordinate with field personnel to ensure that all checks have been reported to the Department of the Treasury?		
<b>20</b>	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 7-2. Checklist for DFAS Sites' Responsibilities for Check Issue Reporting and Check Reconciliation

	<b>DFAS Sites' Responsibilities for Check Issue Reporting and Check Reconciliation</b>	<b>Completed</b>	
		<b>Yes</b>	<b>No</b>
<b>1</b>	Did the reporting DFAS sites monitor output product from DCRM that compares DFAS sites' monthly reported SF 1219 line 2.10 line by DSSN to Level 8 data?		
<b>2</b>	Did the DFAS reporting sites perform oversight and notify DOs to ensure discrepancies are corrected within the month they are notified.		
<b>3</b>	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?		
<b>4</b>	Did the DFAS sites monitor and age discrepancies to ensure the necessary actions to clear the account are being taken?		
<b>5</b>	Are 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 (OF 1017G)?		
<b>6</b>	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?		
<b>7</b>	Did the DFAS sites contact the DOs to obtain the data for any unreported checks in DCRM?		
<b>8</b>	Did the DFAS site personnel contact the DO about checks reported as missing by the Department of the Treasury but reported in DCRM?		

Table 7-3. Check Issue Discrepancies

<b>CHECK ISSUE DISCREPANCIES</b>			
<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>
	<b>If</b>	<b>and</b>	<b>then</b>
<b>1</b>	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
<b>2</b>		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
<b>3</b>		level 8 data has been released to the DCRM and check dollar amount is incorrect	process as a cancelled check ( <a href="#">SF 1098</a> )
<b>4</b>	advice of Check Issue Discrepancy (FMS 5206) is received by DO, research check issue data and determine if payee is overpaid or underpaid	if incorrect check issue information was reported to the Department of the Treasury	process FMS 5206 on DOs SF 1179 & SF 1219
<b>5</b>	FMS 5206 is not received by the DO		DO identify and correct offsetting error(s) by preparing and issuing an OF 1017G to the Treasury.
<b>6</b>	the Department of the Treasury reported FMS 5206 but DO did not receive it, contact the Department of the Treasury for a copy of FMS 5206	FMS 5206 is valid	process on the SF 1179 and SF 1219
<b>7</b>		FMS 5206 does not belong to DSSN	forward FMS 5206 with memorandum to correct disbursing station
<b>8</b>	check issue reporting discrepancy 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
<b>9</b>		FMS 5206 was received	process on SF 1179 and SF 1219
<b>10</b>		a limited payability credit has been received	an adjustment cannot be processed. Refer to Chapter 8.
<b>11</b>	check issue Level 8 data was transmitted but was not processed by the Department of the Treasury	check reporting files for DSSN in DCRM are reviewed and checks are determined to be missing	request files be transmitted to the DCRM system
<b>12</b>	the Department of the Treasury paid check but Level 8 data was not reported		report check issue data
		check issue data has been reported	work with DCRM regarding missing check data at Treasury