

SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 5, CHAPTER 8 “CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION”		
Substantive revisions are denoted by a ★ preceding the section, paragraph, table or figure that includes the revision		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
080101	Revises the requirements for mandatory Electronic Funds Transfer (EFT) compliance for payments to vendors and contractors.	Amendment
080104.A	Revises the Department of the Treasury listing that identifies countries where check delivery is prohibited and changes the reference. Adds the Department of Treasury Office of Foreign Assets Control website as a hyperlink.	Amendment New
080105.A	Adds information on how to obtain the SF 1195 (Recommendation for Designation and Revocation of Agents to Receive and Deliver Checks and Savings Bonds).	New
0802	Revises the title to read “Spoiled and Voided Checks”. Revises the section to clarify the procedures for the handling and the replacement of spoiled checks and voided checks. Adds processing instructions for spoiled exchange-for-cash checks. Adds the requirement for certification of recertified payments for spoiled checks. Adds procedures to correct the erroneous reporting of voided checks.	Amendment Amendment New New New
080402.B	Revises the requirement for the DO to include a statement on original recovered checks when a check has been cancelled. Adds the requirement that the DO hold an original recovered check for a 90-day period before destruction.	Amendment New
080403	Revises the requirement to allow the DO to use a mechanized system to record undelivered checks provided the required information contained on the DD Form 2658 (Returned and Undeliverable Check/Bond	Amendment

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	Record) is maintained.	
080403.A.2	Adds guidance for finding the address for an issuing DSSN of an undelivered check.	New
080404.B	Adds the requirement for the DO to take aggressive action to identify the appropriation, maintain the supporting documentation, and to perform periodic reviews.	New
080406	Revises procedures for claims against undelivered checks in which the funds were transferred to **R1060.	Amendment
080502	Revises the referenced table to 8-2.	Amendment
080503	Revises the requirement to allow the DO to utilize a mechanized log that identifies original check information contained on the DD Form 2262 (Recertified Check Register) provided the applicable information is the same as the hard copy DD Form 2262.	Amendment
080504	Revises the paragraph to expand the explanation for processing the SF 1184 (Unavailable Check Cancellation), including the references to related paragraphs, and to clarify the stop payment action and process.	Amendment
080505	Revises information regarding the DD Form 2660 (Statement of Claimant Requesting Recertified Check) to specify data that should be contained in the payee's statement. Adds the requirement to verify that a check has not been returned as undeliverable before processing the SF 1184. Adds additional requirements as to when to submit an SF 1184 in regards to the payee claimant process (DD Form 2660).	Amendment New New
080506	Revises the title to “Authorization to Issue Recertified Payments”. Replaces the term “recertified check(s)” with “recertified payment(s)”.	Amendment Amendment

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PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
	Deletes subparagraph 080506.C.5 and renumbers the remaining subparagraph.	Deletion
080508	Revises the title to “Manual Preparation and Submission of a SF 1184”.	Amendment
080508.B.7	Deletes "P", "X" and "Y" as authorized stop codes.	Deletion
080508.B.15	Deletes the requirement to type an Agency Output code on the SF 1184. This space is blank because the manual SF 1184 is converted to electronic input in the Defense Check Reconciliation Module (DCRM) system.	Deletion
080508.C.4	Deletes the requirement to type an Agency Output code on the SF 1184. This space is blank because the manual SF 1184 is converted to electronic input in the DCRM system.	Deletion
080508.D	Renums paragraph 080509 as subparagraph 080508.D and updates the information therein. The remaining paragraphs are renumbered accordingly.	New
080509	Revises table reference from table 8-4 to table 8-2.	Amendment
080510	Adds a new paragraph “Payments Accounting Claims Enhancements Reconciliation (PACER) On-Line System”. Provides guidance on use of the system.	New
080511	Revises to clarify that manual preparation of the FMS Form 3864 is a rare occurrence.	Amendment
	Revises table references.	Amendment
080512	Revises the title to “Accounting for Recertified Payments”.	Amendment
	Revises to include the use of the **X6501, small escrow account, for recertified exchange-for-cash checks.	Amendment
	Renames subparagraph 080512.B as “Distribution” and provides additional guidance on distribution of cancelled check information.	Amendment
	Revises guidance for the distribution and handling of **F3880 credits and debits.	Amendment
	Adds new subparagraph 080512.D, requiring review and support of **F3880 balances. Renums	New

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	<p>subsequent paragraphs.</p> <p>Revises references to recertified check to recertified payments.</p> <p>Deletes the specific requirement that only the entitlement office must prepare the voucher from former subparagraph 080512.E.</p> <p>Adds new subparagraph 080512.E requiring the DO to research and take action on cancellation credits or reversals and to verify if a dual negotiation occurred.</p> <p>Adds new paragraph 080512.F that requires the entitlement or appropriate subject matter to determine the validity of a payment based on the underlying obligation for a recertified payment.</p> <p>Revises subparagraph 080512.G to require all recertified payments be vouchered, certified, and charged to the same appropriation or fund charged when the original check was issued.</p>	<p>Amendment</p> <p>Deletion</p> <p>New</p> <p>New</p> <p>Amendment</p>
080513	<p>Revises the title to “Preparation and Disposition of Replacement Checks”.</p> <p>Replaces "recertified check" with "replacement check" wherever found in paragraph.</p> <p>Revises procedures for handling returned and recovered original checks.</p>	<p>Amendment</p> <p>Amendment</p> <p>Amendment</p>
080516	<p>Revises the paragraph to clarify double negotiation.</p> <p>Deletes reference to recertified check.</p> <p>Revises paragraph to highlight the need for research to determine the status of a replacement check.</p> <p>Revises to clarify collection action for dual negotiation.</p>	<p>Amendment</p> <p>Deletion Amendment</p> <p>Amendment</p>

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PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
	Adds references for debt collection procedures. Revises to clarify that the DO is pecuniary liable for erroneous payments until collected or relieved.	New Amendment
080517	Deletes last sentence.	Deletion
080518	Revises to clarify separation of duties for disbursing offices that prepare disbursement vouchers due to limitations imposed on the operation.	Amendment
080606.B	Adds additional accounting information regarding limited payability credits or reversals.	Amendment
080606.C	Revises the title to “Research” and provides instructions to the DO for processing limited payability credits or reversals.	Amendment
080608.C	Deletes reference to control check.	Deletion
080608.D	Replaces reference to recertified check, substitute check and replacement check with recertified payment.	Amendment
Table 8-1	Deletes references for stop codes P, X, and Y.	Deletion
Table 8-2	Deletes table and replaces with Table 8-4. Remaining tables renumbered.	Deletion Amendment
Table 8-3	Deletes table and replaces with Table 8-5 because the information in Table 8-3 was incorporated into subparagraph 080508.	Deletion
Figure 8-4	Revises DD Form 2662 and renames the form as Recertified Payment Register.	Amendment
Figure 8-5	Revises DD Form 2660.	Amendment

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CHAPTER 8

CHECK DISTRIBUTION, DISPOSITION, AND CANCELLATION0801 PROMPT DELIVERY OF CHECKS

★ 080101. General. Once prepared, checks shall be delivered promptly to the payee. With respect to payroll checks, the Department of Defense (DoD) has mandated participation in the direct deposit program for all newly enlisted, reenlisted, appointed, or retired military personnel and all newly hired civilian personnel. All payments shall be converted to Direct Deposit/Electronic Funds Transfer Program (DD/EFT) by January 1, 1999, in accordance with the Debt Collection Improvement Act of 1996 (reference (aj)). The mandatory compliance date for payments to vendors and contractors was extended to February 1, 2000. After this date, if a contract is received and the contractor or vendor is not registered in the Central Contractor Registration database, then the contract will be returned to the contracting office. The Defense Finance and Accounting Service (DFAS) will send a letter to the affected contractor or vendor, explaining that the payment will be delayed until the contractor EFT registration is provided or waiver documentation is presented.

080102. Delivery of Checks. The DoD policy on the delivery of checks is:

- A. Checks shall be properly safeguarded and should be handled as few times and by as few people as practical.
- B. Controls shall include procedures for ensuring the proper custody, signing, and delivery of checks. If checks are handed to the payees, then identification is required.
- C. Checks not delivered within the time specified by the disbursing officer (DO) shall be promptly returned to the DO.
- D. Checks shall be kept in a safe, vault, or locked fireproof cabinet, pending distribution or return to the DO.
- E. Personnel engaged in pay delivery activities shall be designated in writing and adequately supervised in order to help prevent any unauthorized, fraudulent, or other irregular activities.

080103. Delivery by Mail. The normal method of check delivery is by mail through the U.S. Postal Service. Delivery shall be made to the payee's residential mailing address or post office box. At overseas activities, where personal mail is received through the organizational address, the organizational address shall be considered as the payee's residential mailing address. In all other cases, an organizational address is not considered a valid mailing address. Where commanders or their designee find that, in individual cases, it is not practical to

mail checks, each commander may provide a specific location where the payees may obtain their paychecks, with proper identification. If checks are mailed to a specific location for delivery, then the DO shall appoint, in writing, a person at that specific location who will deliver the checks as a designated third party. See paragraph 080105, below.

080104. Outside the United States

★ A. Restrictions. The Secretary of the Treasury has determined that agencies shall not issue checks intended for delivery in the following prohibited areas: Republic of Cuba (except checks sent to the Naval Base, Guantanamo Bay for delivery to payees at the base); Democratic Kampuchea (Cambodia); Iran; Democratic People's Republic of Korea (North Korea); or Socialist Republic of Vietnam. (31 CFR, Part 211 (reference (w))). In lieu of issuing a check to payees in these countries, the DoD Component shall withhold payment and establish the liability on its books. The Department of the Treasury's Office of Foreign Assets Control website, <http://www.treas.gov/ofac>, has a complete listing of specifically designated nationals and blocked persons.

B. Exceptions. The restrictions outlined in subparagraph 080104.A, above, are not applicable to checks payable to foreign governments, or to checks issued in payment of salaries or wages, or for goods or services purchased by the U.S. Government.

C. Claims for the Proceeds of Withheld Payments. Pursuant to previously existing procedures, claims for the proceeds of checks, which were drawn, and subsequently forwarded to the Department of the Treasury for deposit in a deposit fund account, Proceeds of Withheld Foreign Checks, 20X6048, shall be submitted with a recommendation on such payment to the Department of the Treasury, Financial Management Service, Finance Division, Liberty Center, Room 257, Washington, DC 20227. If a valid claim is received and no check previously has been prepared due to the restrictions outlined in subparagraph 080104.A, above, then the DoD Component that withheld the payment will arrange to issue a check and will decrease the respective liability on its books.

080105. Delivery of Checks by Designated Third Parties. Delivering multiple checks personally 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 080102, above, 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 of Designated Third Parties. The DO shall appoint in writing those individuals (by title and organization only) who will serve as a designated third party for delivery of bulk checks using an SF 1195 (Recommendation for Designation and Revocation of Agents to Receive and Deliver Checks and Savings Bonds). The SF 1195 is a multi-copy, carbon-set form maintained by the Department of the Treasury, Financial Management Service. To obtain the form, a request shall be sent by fax to the Department of the

Treasury at (202) 874-7324. The request shall specify (1) the form number, (2) the quantity desired, (3) the mailing address for the delivery of the forms, and (4) a point of contact and telephone number. The forms are provided at no cost as long as mail delivery by the U.S. Postal Service is sufficient. For faster delivery, the requester may provide a Federal Express (FedEx) account number for delivery via FedEx. An SF 1195 shall be completed and maintained for each individual authorized. One or more alternates shall be appointed to prevent distribution delays in the absence of the principal designee. Alternates may also assist in the check distribution when conditions warrant.

B. Transporting Checks to Designated Third Parties. Bulk shipments of prepared checks shall be packaged separately from correspondence and shall be mailed by registered mail. Bulk shipments of checks for a unit or group of units shall be dispatched to a third party for distribution or delivery to payees or for reshipment to another third party for delivery where the military unit is located. Such shipments shall include only the checks, transmittal letter, and documentation needed for the specific payment. These shipments are not subject to the provisions of the Government Losses in Shipment Act (reference (t)).

C. Release of Checks to Other than Payee. Designated third parties shall not release checks to anyone other than the payee. Refer to subparagraph 080105.E, below, for procedures for handling checks when the payees are absent at the time of delivery.

D. Judge Advocate or Investigative Agent Third Parties. In cases where advance payments are issued for witnesses subpoenaed for trial, delivery of the check shall be performed either by a representative from a DoD Component investigative agency or a judge advocate charged with serving the subpoena.

E. Third Party Disposition of Undelivered Checks. Unless otherwise directed, checks for payees not present at the time a third party attempts delivery shall be returned to the DO before the close of business that day. Payees who were absent, or who for other reasons did not get their checks, shall be advised to call at the disbursing office or other stated place to pick up their checks. If locked fireproof file cabinets or safes are available, then 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 absences, checks shall be returned to the DO for disposition. Checks, which are found to be in error, shall be returned to the DO. After appropriate corrective action has been taken, a new check will be issued to the payee.

★0802 SPOILED AND VOIDED CHECKS

080201. Spoiled Checks

A. General. When a check is spoiled during the check issue process, the handling method for the spoiled check and the replacement method is dependent upon whether the check issue has been reported to the Department of Treasury with a dollar value greater than zero and the payee's entitlement to payment. If a check is spoiled in the check issue process and the check has not been reported as issued to the Department of the Treasury, then the check shall

be voided and the procedures found in paragraph 080202, below, apply. If a spoiled check has been reported as a check issue with a dollar value greater than zero and the payee is not entitled to the check or the check is returned, then the check cannot be voided. A spoiled check, which has been reported to the Department of the Treasury as a check issue must be cancelled using the check cancellation procedures found in sections 0804 or 0805, below.

B. Processing. For available spoiled checks, the DO shall stamp the check with “NOT NEGOTIABLE-FOR DEPOSIT ONLY. CREDIT OF AGENCY LOCATION CODE XXXX.” The DO shall deposit the check using an SF 215 (Deposit Ticket). The DO shall process an SF 1098 (Schedule of Canceled or Undelivered Checks) to credit the proceeds of the deposited check to the appropriation from which it was issued as described in section 0804, below. In the case of mutilated checks that are not acceptable for deposit, the DO must follow the procedures for unavailable check cancellations. The DO shall process an SF 1184 (Unavailable Check Cancellation) using stop code "A" or "D" (at the discretion of the DO based on the facts available) and a recertified payment may be issued in accordance with the recertification provisions applicable to the stop code used on the SF 1184. See section 0805 for details on the unavailable check cancellations and recertified payments. If the check was spoiled during the check production process and the check has not been released or mailed to the payee, then the payee is not required to complete a DD Form 2660 (Statement of Claimant Requesting Recertified Check) as prescribed in paragraph 080505, but the recertified payment voucher does require certification by a duly appointed certifying official.

C. Exchange-for-Cash Checks. If the spoiled check is an exchange-for-cash check, the procedures are a little different because there is no appropriation associated with the check issue. If the spoiled check is an exchange-for-cash check, then the DO must process an SF 1184 using a stop code "D", since there was no appropriation charged for the original disbursement. Upon receipt of the **F3880 credit, the credit must be transferred to the deposit fund account established by the Department of the Treasury as a small escrow account, **X6501. The credit in the **X6501 account is used to issue a recertified payment for the exchange-for-cash check, therefore, the credit must be transferred before the check may be replaced. Once the credit has been established in the **X6501 account, a payment voucher must be prepared (e.g., SF 1034 (Public Voucher for Purchases and Services Other Than Personal)) to issue a new check charging **X6501 for the disbursement. Since the recertified payment voucher must be certified by a duly appointed certifying official and these vouchers are not originating from an entitlement area, a certifying officer should be appointed to certify these type of payments. Although the DO cannot appoint the certifying officer, an individual under the direct supervision of a DO may be appointed as a certifying officer only in those limited situations set forth in paragraph 330504 of this volume.

D. Record of Spoiled Checks. DOs shall maintain a record of all spoiled checks. This record may be maintained in a mechanized or manual format and may be part of the Record of Checks Issued required in paragraph 070305 of this volume. At a minimum, this record must show the original spoiled check number and date; the original voucher number; the replacement check number and date; the voucher number of SF 1098 or recertified payment, whichever is applicable; the payee; and the amount of payment. This record shall be retained as

a permanent part of the DO's retained records and is subject to the retention and disposition policies for check issue records as prescribed in Chapter 21 of this volume. This record does not satisfy the requirements to maintain the recertified payment data on the DD Form 2662 (Recertified Payment Register), thus any spoiled checks that are replaced with recertified payments will also be recorded on the DO's DD Form 2662 as stated in paragraph 080503, below.

E. Disposition. At least once each quarter, spoiled checks shall be destroyed locally by the DO by shredding or incinerating. If the spoiled checks are destroyed by shredding, then the fragments shall be no larger than 1 inch in width and 1/4 inches in length. If the spoiled checks are destroyed by burning, then the checks shall be completely burned. A certificate of destruction shall be prepared to document the destruction of the spoiled checks as prescribed in the following subparagraphs:

1. Prepare a Certificate of Destruction. The certificate shall be prepared in an original and one copy and shall include: the complete mailing address of the disbursing station; date and method of destruction; disbursing station symbol number (DSSN); serial number of each check; typed name, title, grade or rank, and signature of the witness(es); and, typed name, title, grade or rank, and signature of the DO. When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence. An example of a Certificate of Destruction is shown at figure 8-1.

2. Verification. The DO and at least one witness shall 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 of destruction only after witnessing the actual destruction of the checks.

3. Distribution of the Certificate of Destruction. The original certificate shall be included and forwarded with the monthly disbursing financial reports. A copy shall be retained in the DO's blank check inventory control records.

F. Certification of Payroll Officer. If the payee of a civilian payroll check requests that the check for the recertified payment be issued in a name different from the name as stated on the original check, then a signed statement authorizing the change in name shall be obtained from the payroll officer who certified the original payroll prior to issuing the recertified payment. The statement shall be retained by the DO and attached to the retained copy of the payroll.

080202. Voided Checks

A. General. 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 shall be voided. Unused blank checks that are destroyed shall be reported as voids. Lost or stolen blank checks shall be reported as voids. Checks voided by the

DO shall be rendered 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. Once a check has been reported to the Department of the Treasury under check issue reporting procedures, it cannot be voided under any circumstances. The check shall be processed as an available check cancellation or an unavailable check cancellation as appropriate to the circumstances in each case as described in paragraph 080201, above. If the payment associated with the voided check is otherwise proper, then the voided check is replaced with a replacement check, which should be the next available check in the series and in the same format used for the original voided check. The original voucher, the copies of the voucher, and the check issue log shall be annotated to indicate the original check was voided and the number of the new replacement check used for the payment.

B. Reporting Voided Check Issues

1. Voided checks shall be reported to the Department of the Treasury as a check issue having a zero dollar value (\$0.00). If a DO reports the check issue detail to the Department of the Treasury by sending the check issue information to another disbursing office for conversion to data files and/or upload to the Defense Check Reconciliation Module (DCRM), then the DO shall ensure that the voided checks are reported and clearly marked. The hardcopy check issue listing shall be stamped or marked 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 diskettes are used for the check issue information, then the DO shall ensure that the diskette contains the serial number and date of the voided checks. If a voided check has not been dated, then a date shall be reported for the check to facilitate the check issue reporting. DOs submitting their own check issue data to the Department of the Treasury shall ensure that the serial number and date of the voided check are included in the transmission with a dollar value of zero.

2. If the DO erroneously reports a voided check with a dollar value greater than zero, and the check is under 1 year old, to the Department of the Treasury, then the DO shall initiate the corrective action as soon as the error is discovered and not wait to receive a FMS Form 5206 (Advice of Check Issue Discrepancy). The DO shall make a written request to the Department of Treasury for an adjustment to the check issue detail in the Check Payment and Reconciliation (CP&R) System. The procedures for requesting the adjustment are found in subparagraph 090303.A of this volume.

3. If the issue date of the erroneously reported check is over 1 year old, then the voided check cannot be adjusted in the CP&R system. The Department of the Treasury will issue a limited payability credit for the voided check. Upon receipt of the credit in the **F3880 account, the DO shall report the voided check as a check issue on the Monthly Statement of Accountability (SF 1219) and debit the **F3880 account to clear the limited payability credit. Refer to subparagraph 090303.B of this volume for more detailed procedures covering voided checks over 1 year old.

C. Disposition of Voided Checks. Voided checks shall be stored in the vault or safe segregated from all other checks until destroyed. The voided checks shall be destroyed locally by the DO at least once each quarter by either burning or shredding. If destroyed by burning, then the checks shall be completely burned. If destroyed by shredding, then the fragments shall be no larger than 1 inch in width and 1/4 inch in length. In either event, a certificate of destruction similar to figure 8-1 shall be prepared listing the serial numbers and method of destruction and shall be signed by the DO and at least one witness. The procedures for preparing and distributing the certificate of destruction for voided checks are the same as the spoiled check procedures prescribed in the subparagraph 080201.C, above. Unnumbered checks, which are controlled by a preprinted Inventory Control Number (ICN), will list the voided check by the ICN on the certificate of destruction.

0803 CHECK CANCELLATION. A check cancellation is accomplished in one of the ways described below.

080301. Available Check Cancellation. The DO holds the check and processes a Schedule of Canceled or Undelivered Checks (SF 1098). The SF 1098 credits the proceeds to the appropriation originally charged when the check was issued. See section 0804, below.

080302. Unavailable Check Cancellation. The DO requests cancellation by submission of an SF 1184 to the Department of the Treasury via the DCRM system's on-line Unavailable Check Cancellation (UCC) subsystem. Depending on the status of the check (outstanding or paid), the cancellation credit may or may not be provided by the Department of the Treasury. See section 0805, below.

080303. Limited Payability Check Cancellation. The Department of the Treasury automatically cancels checks issued on or after October 1, 1989, which have not been 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. See section 0806, below.

080304. Pre-effective Date Limited Payability Cancellation. The Department of the Treasury automatically canceled all checks issued before October 1, 1989, which were not negotiated by October 1, 1990.

0804 CANCELLATION OF AVAILABLE CHECKS

080401. General. As prescribed in Public Law 100-86, Competitive Equality Banking Act of 1987 (CEBA) (reference (x)), and Department of the Treasury Financial Manual, Bulletin 90-03 (reference (y)), the time limit for negotiation of U.S. Treasury checks is 1 year from the date of issue. DOs may cancel checks within this 1-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. 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. U.S. Treasury checks in the

possession of the DO shall be canceled when it is determined that the payee or estate is no longer entitled to the proceeds of the check or the check is undeliverable for 60 days after the month of issue. Under no circumstances shall a DO cancel a check using the procedures in this section if the check is over 1 year old.

080402. Exceptions

A. Checks drawn for cash or for advances to cashiers that are later determined not to be needed shall not be processed for cancellation in the DO's accounts. Instead, they shall be endorsed by the DO or cashier (as applicable) and deposited as prescribed in Chapter 5 of this volume.

★ B. An original check, that is returned to or recovered by the DO after it is more than 1 year old (from date of issue) or has been canceled by submission of an SF 1184, shall not be canceled on an SF 1098. The check shall be marked "NOT NEGOTIABLE PREVIOUSLY TREATED AS CANCELED – AN UNAVAILABLE CHECK CANCELLATION STOP PAYMENT SF 1184 DATED _____." or "NOT NEGOTIABLE CHECK CANCELED UNDER LIMITED PAYABILITY", as applicable, on the front and held for 90 days in the DO's safe or vault. After the Daily Advice of Status (DAS) and credit have been received from the Department of the Treasury and the 90-day holding period has lapsed, the marked check must be destroyed locally by burning or shredding. No report of destruction is made to the Department of the Treasury. The date of destruction and supporting documentation shall be noted on DD Form 2662.

★ 080403. Undeliverable Checks. All undeliverable checks shall be kept in a safe or vault. The checks shall be filed in an order best suited for ready identification when claimed or for mailing when a proper address is ascertained. The DO shall maintain a record of undeliverable checks using a DD Form 2658 (Returned and Undeliverable Check/Bond Record) that indicates: date the check is returned, check number, check date, amount, payee, voucher number, disposition, and date of disposition. A mechanized system may be utilized for the record of undeliverable checks provided that all of the required information on the DD Form 2658 is maintained and the record is accessible for a 6-year 3-month period. An example of DD Form 2658 is shown at figure 8-2. The DO shall provide the information or a copy of DD Form 2658 to rollkeepers, agents, cashiers, and the appropriate entitlement office for their use. Undelivered checks shall not be removed from the safe or vault, or held by the DO's deputies, agents, or cashiers, except for immediate delivery to payees, or for cancellation and deposit.

A. Time Limit for Holding Undeliverable Checks. The DO shall attempt to make delivery of checks to the proper payees. If delivery is not accomplished within 60 days after the month of issue, then undeliverable checks being held by the DO shall be disposed of as prescribed in the subparagraphs below. Checks payable to deceased payees shall be held no longer than 5 days.

1. Undelivered checks held by the issuing DSSN shall be credited to the issuing appropriation or to a suspense account and deposited as stated in paragraph 080405, below.

★ 2. Undelivered checks held by other than the issuing DO shall be returned to the issuing DO by registered mail or by another method of delivery with the ability to track the shipment. The checks must be mailed within 2 weeks along with a reason for nondelivery. If the address of the issuing DSSN is unknown, then refer to the Vendor Reference Tool/DSSN under the Money Matters section of the website: <http://www.dfas.mil/> to locate the address and telephone number of the DSSN. If the information for the DSSN is not available on the website, then contact the DSSN Management Section, DFAS Financial Services Policy Branch (DFAS-DOSD/KC) at (816) 926-3605 or DSN 465-3605 or send an email to DSSNMANAGEMENT@DFAS.mil for assistance.

3. An undeliverable check returned to the DO after the 45th day of the time limit prescribed above shall be recorded on the DD Form 2658. Research shall be conducted to determine if the check has been canceled using an SF 1184, and whether a replacement check has been issued. If an SF 1184 has been submitted to the Department of the Treasury, then dispose of the original check as prescribed in subparagraph 080513.D, below. If an SF 1184 has not been submitted to the Department of the Treasury, then cancel the original check as prescribed above within 15 days of the date of receipt.

B. Undeliverable Due to Death of Payee

1. Deceased Military Members. Checks drawn to deceased military members shall be canceled by the issuing DSSN. The check shall be promptly canceled and credited to the individual's pay account pending payment to a properly designated beneficiary.

2. Deceased Civilian Employee Checks. For special instructions on the handling of checks drawn to deceased civilian employees, see Volume 8 of this Regulation.

3. Other Payees. Checks drawn to other deceased individuals shall be deposited as undeliverable checks. An SF 1055 (Claim Against the United States for Amounts Due in the Case of a Deceased Creditor) shall be obtained and processed as prescribed in Volumes 8 and 10 of this Regulation. The accounting data chargeable and references required on the voucher shall be as prescribed in paragraph 080406, below.

C. 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 or ship as a result of consolidation, transfer of function, or other reason, the relieving DO or gaining activity shall assume custody of the undelivered checks for processing as prescribed in this section. If the DO is transferred from disbursing duty without a relief or the disbursing function is not assumed by another activity, then the undelivered checks shall be processed as a collection on an SF 1098 and deposited whether or not the 60-day holding period has elapsed. The DD Form 2658 shall be turned over to the office designated to settle the accounts of the DO.

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

1. Military Payrolls. When a check issued in payment of military pay and allowances is canceled, the DO shall take the action prescribed in Volume 7A of this Regulation and process the appropriate adjustment to the Master Military Pay Account.

2. Civilian Payrolls. When a check in payment of a civilian payroll is canceled, the DO shall notify the payroll preparing office in order for the appropriate payroll adjustment to be made.

080404. SF 1098 (Schedule of Canceled or Undelivered Checks)

A. General. A check that is undelivered within 60 days after the month of issue shall be credited to the appropriation originally charged by use of an SF 1098 prepared in triplicate. The following data shall be shown for each check in the spaces provided in the body of the form: month and year of issue; check serial number (and DSSN if other than DSSN shown in heading of the form); name of payee; amount of check; and, accounting data credited. See figure 8-3.

★ B. Lack of Accounting Data. If the proper appropriation to be credited cannot be determined immediately, then collect the amount of the check into the budget clearing suspense account **F3875. The SF 1098 shall include all information available as to the identity and location of the payee of the check. A copy of the documentation must be maintained in a separate file to support every item in the suspense account. The DO must take aggressive action to identify the proper appropriation and remove the item from the suspense account as soon as possible. If 60 days have lapsed and the appropriation still has not been determined, then process an SF 1081 (Voucher and Schedule of Withdrawals and Credits) to transfer the funds to the Department of the Treasury's miscellaneous receipt account **R1060.

080405. Disposition of Canceled Available Checks

A. General. Canceled check transactions authorized by this section shall be processed in a manner similar to collections. Upon receipt of a check to be canceled, prepare an SF 1098 as the collection voucher and credit the appropriation charged when the payment was made. Note: All lines of accounting data charged and credited on the original disbursement voucher shall be shown on the SF 1098. Assign a collection voucher number to the SF 1098 and print this number and the date of collection on the reverse of the canceled check. The canceled checks shall be deposited for credit to the DSSN used by the DO making the cancellation. No payee endorsement on the reverse of the check is necessary; only the DO's endorsement stamp is required.

B. Stamped Legend Placed on Checks for Cancellation. The following legend shall be typed or stamped on the face of each canceled check: "NOT NEGOTIABLE - FOR PAYMENT AND CREDIT IN THE U.S. TREASURY DO SYMBOL XXXX." The letters of the legend shall be of prominent size to remove all possibility of negotiation. The stamp shall be placed so that the defacement will not interfere with data to be captured by an optical character recognition (OCR) scanner.

C. Deposit Ticket. Canceled checks shall be deposited on an SF 215 separate from any other negotiable instruments. DOs shall make canceled check deposits as prescribed below.

D. Frequency of Deposits. Checks received for cancellation need not be deposited on a daily basis. The canceled checks may be held in the DO's safe or vault until a consolidated SF 215 is prepared. Deposits shall be forwarded to the Federal Reserve Bank (FRB) not later than the 25th of the month in which received. Checks received for cancellation during the remainder of the month shall be processed as collections, but may be retained and deposited in the following month. All CONUS DOs shall deposit all canceled U.S. Treasury checks with the nearest FRB. DOs located in Alaska, Hawaii, and in foreign countries will deposit with the general depository normally used for making deposits for credit to the Department of the Treasury's General Account. Refer to Chapter 5 of this volume for deposit reconciliation requirements.

★ 080406. Claims for the Proceeds of Canceled Available Checks. When a claim is received for the proceeds of a canceled available check and it is determined that all or a portion of the amount is due the claimant, payment shall be made on a payroll or other voucher prepared, processed, and certified in the same manner as a current payment. Claims shall be paid by the disbursing office that made the collection and deposited the original undeliverable check. 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. The disbursement shall be made on an SF 1034 and charged to the accounting data credited on the SF 1098, referencing the original undeliverable check by serial number, amount, DSSN, the month and year, and account in which the undeliverable check was collected. In the event claims are received for items that were transferred to the **R1060 account, disbursement must be paid from the 20X1807 account. A record of the claim and disposition shall be entered on the DD Form 2658.

0805 UNAVAILABLE CHECK CANCELLATIONS

080501. General. For checks less than 12 months old, unavailable U.S. Treasury checks that are reported to the DO as lost, stolen, mutilated, or not received by the payee shall be canceled using the procedures prescribed in this section. These procedures also apply to situations where the payee is not entitled to the proceeds of a check and the check is unavailable to the DO. These situations include: death of the payee before the check issue date; nonreceipt 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. Payees have

one year from the date of issue of the check to file a claim of nonreceipt with the issuing disbursing office for submission to the Department of the Treasury. The issuing disbursing office must submit an SF 1184 to the Department of the Treasury within 13 months of the date of issue. The Department of 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. Checks, which are 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. A recertified payment bears a new check serial number and is vouchered, certified, and recorded as a new disbursement using the procedures in this section. Original and recertified payments shall be controlled, cross-referenced, and tracked indefinitely or until both have been paid, recovered and destroyed, or canceled.

★ 080502. Claims of Nonreceipt, Destruction, Loss, or Theft. A claim of nonreceipt, destruction, loss, or theft of a U.S. Treasury check issued on or after October 1, 1989, will be denied by the Department of the Treasury unless it is presented by the payee to the issuing disbursing office within one year from the date of issue. The claim will be documented by the disbursing office on an SF 1184. The SF 1184 must be processed through the supporting DFAS site and received at the Department of the Treasury within 13 months from the date of issue of the check. If a cancellation credit is denied, then the Department of the Treasury will issue a Daily Advice of Status with one of the status codes listed in table 8-2. The DO will advise the payee of the check status. If the check has been negotiated and the payee wishes to continue the claim process, then the payee must initiate the FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check) and the FMS Form 3858 (Claims Document). The DO shall forward these two forms, the photocopy of the check and any other supporting documentation for the claim to the Department of the Treasury for processing. If the payee files a FMS Form 1133 to claim forgery or unauthorized endorsement against the check, then no recertified payment will be issued prior to receipt of a FMS Form 3859 (Claims Disposition Notice) from the Department of the Treasury. See paragraph 080515, below.

★ 080503. DD Form 2662 (Recertified Payment Register). To assure the necessary cross-reference and control over unavailable check cancellations, DD Form 2662 shall be maintained. A mechanized log may be utilized provided it contains the required information and is accessible for a 6-year 3-month period. As shown in figure 8-4, the DD Form 2662 shall contain information to identify the original check serial number, date, amount, payee, and status of the check as provided by the Department of the Treasury, as well as identifying information regarding the recertified payment, payee's claims, and collection information.

★ 080504. SF 1184 (Unavailable Check Cancellation). The SF 1184 is required for all cancellations covered by this section. Each individual unavailable check to be canceled shall be reported on an SF 1184 to the Department of the Treasury through the supporting DFAS site either manually or via mechanized input. The DFAS sites will consolidate the input for submission to the Department of the Treasury. Bulk losses of original checks will require the preparation of an SF 1184 for each check. SFs 1184 are used to stop payment, obtain photocopies, or check the payment status of unavailable U.S. Treasury checks. Stop reason codes are input to designate the desired action. Although an SF 1184 is entered to stop payment

on a check, there is no true stop payment action. The payee can still negotiate the check and the DO will have the responsibility to recoup the money. If the check is presented for payment after the Department of the Treasury has given the DO a credit to the **F3880 account, then the Department of the Treasury will reverse the cancellation credit and provide the documentation, including a photocopy of the paid check, to the DO. The DO must then research and take the appropriate corrective action, including collection efforts where a dual negotiation has occurred. See paragraphs 080508 and 080509, below, for details on the preparation and submission of an SF 1184. See paragraph 080513, below, for procedures on handling the credits and reversals of credit in the **F3880 account.

★ 080505. DD Form 2660 (Statement of Claimant Requesting Recertified Check)

A. Payee Request. When a payee reports the loss, theft, mutilation, or nonreceipt of a U.S. Treasury check, the DO shall obtain a statement, in writing, from the payee. The statement is mandatory to substantiate the payee's entitlement to a recertified payment and shall include the following information: the payee's name, SSN, and address; member's name and SSN if different than payee; type of payment entitlement; whether the check was received and, if so, whether the check 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 check was received; and the signed statement of certification of the payee. Although the DD Form 2660 is the preferred form of the required statement, the DO may accept a signed letter from the payee in lieu of the DD Form 2660, provided that the letter contains the required information and the certification statement found on the DD Form 2660. It is very important that the letter contain the signed certification statement as it reads above block 10 on the DD Form 2660. An example of the DD Form 2660 is shown at figure 8-5. Failure to obtain the payee's certified statement could hinder collection efforts if a dual negotiation occurs. In addition, if the payee is the one that negotiated both checks, then the statement could also be used to establish fraudulent intent.

B. Disbursing Officer Action. Upon receipt of the signed statement, the DO shall complete the information required to identify the check (issue date, check number, amount, voucher number, etc.). The DO must then verify that the check has not been returned as undeliverable by verifying that the check is not listed on the DD Form 2658 before processing an SF 1184. If the check is listed and the disposition indicates that the check was remailed at a later date, then the DO shall notify the payee of the later mailing date and allow for sufficient mail delivery time before processing the claim of nonreceipt. If the check has not been returned and sufficient time has passed to allow for mail delivery, then the DO uses the information on the DD Form 2660 to process an SF 1184 to cancel the unavailable check. An SF 1184 involving nonreceipt of future dated checks, such as those issued for pay and allowance entitlements, may not be submitted prior to the date of payment. An SF 1184 involving nonreceipt shall not be processed until the third working day after the check payment date. An individual case file shall be established for each claim received. This file shall contain the written request for a recertified payment (DD Form 2660), documentation pertaining to the SF 1184 and the DAS, copies of vouchers done for the transfer of the **F3880 credit, the issuance of the recertified payment, and original payment, if obtained, and all other applicable correspondence concerning the case. The

DO shall forward a copy of the claimant's DD Form 2660, or other written statement, and a copy of the SF 1184 documentation to the appropriate entitlement area. The entitlement area must certify that the entitlement for payment still exists before a recertified payment may be issued.

★ 080506. Authorization to Issue Recertified Payments

A. General. As stipulated in 31 CFR, Parts 245 and 248 (reference (p)), the Department of the Treasury has delegated to the DoD the authority to issue checks to replace checks originally issued by DoD DOs. That authority includes replacement of checks lost, stolen, or destroyed both in transit and after receipt by applicable payees. The Department of the Treasury has authorized the DoD to issue a recertified payment at the same time the SF 1184 is prepared if, based on the facts available, the payee shall receive immediate replacement and the risk of loss from overpayment to the payee is low. Subject to the restrictions in the following paragraphs, recertified payments may be issued as replacements for original checks at any time commencing with the submission of the SF 1184. The circumstances associated with each unavailable check shall govern when the replacement check is actually issued.

B. Limitations. No recertified payment check will be issued if: the payee of the original check is not entitled to the proceeds of the check, the payee died before the original check issue date, sufficient mail time has not lapsed from the date the original check was mailed or remailed to allow for delivery and possible return of the original check (see subparagraph 070105.B); the payee has an outstanding obligation against which the payment can be offset; or, the original check is more than 12 months old. Situations that require the exercise of good judgment in determining when to issue recertified payment checks are high-value unavailable checks, payees involved in adverse actions that could result in early discharge or termination, and nonpermanent employees who have no vested retirement benefits or no sustained work history at the issuing activity. The ability of the payee to make restitution in cases of a double negotiation and the possibility of offsetting a double negotiation against money, other than salary, due the payee shall be considered in the determination. For deactivated and closed disbursing offices, the designated settlement office is normally responsible for issuing recertified payments. In some situations depending on the circumstances, such as consolidation, the DO supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office is authorized to issue a recertified payment on behalf of the deactivated or closed office. Except as prescribed in subparagraph 080201.C, above, recertified payments may be issued only as a disbursement from the appropriation (or if no longer available, then a current appropriation available for the same general purpose subject to limitations on its use) charged when the original check was issued.

C. Issue Before Receipt of Treasury Status. Delays in issuing checks may likely effect military and civilian employees' personal financial affairs, DoD relations with private business and other intangible benefits obtained. For these reasons, replacement checks may be issued immediately to some payees. DOs are authorized to use stop code "A" on the SF 1184 when the replacement payments are to be issued immediately 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. This service is limited to the following payees:

1. Military and civilian personnel for payment of pay and allowances.
2. Banks, credit unions and other financial institutions unless it is determined to be in the best interest of the DoD to obtain Department of the Treasury status before issuing a recertified payment.
3. Agencies of the U.S. Government.
4. Foreign governments. (Where doubt exists as to the status of a foreign payee, treat payment as a foreign business and issue a recertified payment after receipt of status from Treasury as prescribed below.)
5. Any composite/consolidated check regardless of amount.

D. Issue After Receipt of Check Status. The payees described below are not eligible for immediate payment replacement. They shall have their unavailable check cancellations submitted under stop codes "D" or "G" and receive a recertified payment only when the Department of the Treasury reports the check status as outstanding.

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 6 months or who have received more than four replacement check payments in a 12-month period.
4. Payees who report nonreceipt of a recertified payment.
5. Payees requesting replacement of an original check more than 30 days old.
6. Payees other than a deputy, agent, or cashier requesting replacement of an exchange for cash check.

E. Issue When the Check Status Is Paid. Except as prescribed in paragraph 080515, below, no recertified payment check shall be issued when the DAS from the Department of the Treasury indicates the check status is paid.

080507. Mechanized Input of the SF 1184. DoD DOs who have access to the DCRM have the capability to mechanically prepare the SF 1184 daily using the Unavailable Check Cancellation (UCC) subsystem. The SFs 1184 are file transferred biweekly to the

Department of the Treasury. Procedures for accessing the DCRM reporting system to add, change, inquire, or delete an SF 1184 request are found in the User Instructions for Disbursing Offices. Contact the DFAS Denver, DFAS Indianapolis, DFAS Cleveland, DFAS Kansas City, or DFAS Columbus, as applicable, for a copy of this manual.

★ 080508. [Manual Preparation and Submission of an SF 1184](#)

A. General. These procedures apply only to DOs who do not have the capability to electronically produce and transmit SFs 1184. Manually prepared SFs 1184 shall be mailed to the supporting DFAS site or an office designated by the supporting DFAS site for entry into the DCRM UCC subsystem. Do not mail hardcopy SFs 1184 to the Department of the Treasury. In addition to the current version of the SF 1184, there is also a perforated version which can be adapted for hardware and software applications. The perforated version can be ordered from the General Services Administration (GSA) Supply Distribution Facilities and GSA Supply Centers. The National Stock Number (NSN) for the perforated form is 7540-01-368-7777. The SF 1184 is a dual purpose document. If more than one check is to be cancelled, then each check shall be processed on a separate SF 1184. In addition, the SF 1184 is used as a transmittal document for the item cancellations submitted. Instructions for preparation of the transmittal document are slightly different from the individual check reporting document. The instructions for preparing both documents are contained in this paragraph. Transmittals shall be submitted each day for item cancellations prepared that day. If no cancellations are prepared, no transmittal is required. A transmittal cannot include more than 50 item cancellations.

B. Completion of SF 1184 (Item Cancellation). The SF 1184 shall be prepared by typewriter using uppercase letters for all alphabetic characters. Do not submit forms prepared by pen or pencil. The data fields and their contents are described below. See figure 8-6 for a sample of the form.

1. CK. SYM. Enter the 4-digit DSSN of the disbursing office that issued the original check. This is a required 4-digit numeric field.

2. CK. SERIAL. Enter the check number of the original check that is being canceled and on which "STOP PAYMENT" action is being requested of the Department of the Treasury. This is a required 8-digit field. The field is an all numeric field zero-filled from the left. No commas shall be typed to separate the check number digits.

3. CK. AMOUNT. Enter the total amount of the original check. This required field is limited to 10 digits, all numeric. Do not use dollar signs. Use of commas is optional provided the 10-digit requirement is not exceeded. Show the decimal point separating dollars and cents.

4. CK. ISSUE DATE. Enter the date of the original check. This is a required numeric field containing six digits: month (two digits), day (two digits), and year (two digits).

5. AGY/PAYEE ID NO. Enter the identification number assigned to the payee. This is a required alphanumeric field, maximum of 11 digits. Start from the left and leave unused spaces blank. Activities that do not normally assign specific ID numbers may use vendor contract numbers, DSSN, social security numbers, or other reference numbers. For Navy and Marine Corps disbursing offices, the 11-digit field is assigned as follows: positions 1-4, DSSN of the preparing disbursing office; positions 5-7, julian date of preparation; position 8, the unit position of the calendar year of preparation; and, positions 9-11, a 3-digit sequential serial number commencing with 001 on October 01, of each year and continuing through 999 before recycling the sequential numbers. Do not use 000 as a sequential number.

6. LINE CODE. A required numeric digit indicating the total number of lines used for the payee's name and address fields. For Navy and Marine Corps disbursing offices: use "0" for direct deposit checks; use "1" for nonentitlement; and in all other cases, use digits "3" through "6" (as appropriate for the number of lines used in the name and address fields). If the name and address is only two lines, then pad the third line with blanks so "3" will be the correct line code.

★ 7. STOP CD. Enter the alpha character code for the appropriate stop reason code based on the definitions listed in table 8-1. The stop code describes the nature of the action required on the original check. The only codes authorized for use are "A," "D," "E," "F," "G," "K," "L", "M", "R", and "U".

8. AGENCY CODE. The agency code is a single alpha character. The following codes shall be used by the respective DoD Components. Defense Agencies shall use the appropriate agency code based on the Military Service that provided the DSSN.

<u>CODE</u>	<u>COMPONENT</u>
A	Department of the Army
F	Department of the Air Force
L	U.S. Marine Corps
N	Department of the Navy

9. PAYEE NAME. Enter the payee's name as it appeared on the original check. This is a required alphanumeric field limited to two lines with a maximum of 30 digits each. The second line is intended to accommodate listing both names when there is a joint payee. If the payee's name is more than 30 characters, then use both lines. If there has been a name change, then type the new name in this field and show the old name as it appeared on the original check in the FOR AGENCY USE block.

10. ADDRESS. The address in this alphanumeric field shall be the current address of the payee because the Department of the Treasury uses this address to prepare

claims document address labels. The address is required for stop reason codes "D" and "G". For Navy and Marine Corps disbursing offices, when stop reason code "F" is used, the disbursing office address will be entered in this field. Each line of the address field is limited to 30 characters.

11. NAME OF DECEDENT. This field is required when the stop reason code is "E". The field length is 30 characters. Type the deceased payee's name: last name; first name; middle initial(s). Do not use punctuation marks. If the name of the decedent is not provided with a deceased, stop reason code "E", the SF 1184 will be rejected by the Department of the Treasury.

12. DATE OF DEATH. This field is required when the DoD Component has rendered the payee or payee's estate not entitled to the proceeds of the check; therefore, the date of death is required for only STOP REASON CODES "E" or "U."

13. AMT. TO BE RECLAIMED. The "amount to be reclaimed" is a required field for all STOP REASON CODES. This is a required 10-digit field containing the check amount. In some rare cases, the amount to which the payee is no longer entitled (that is the amount to be reclaimed) will be less than the full amount of the original check. In cases where the payment status is "paid", the amount to be reclaimed will be used by the Department of the Treasury when seeking to recover from the banking system. A lesser amount could occur in the case of nonentitlement, where the payee was entitled to a lesser amount than the original check. In that case, the amount to be reclaimed would be the difference between the amount of the original check and the amount to which the payee is entitled. The field is limited to 10 digits. Do not use dollar signs. Use of commas is optional provided the 10-digit maximum is not exceeded. Always show the decimal point separating dollars and cents.

14. AGY. LOC. CODE. The Agency Location Code is a 4- or 8-digit numeric symbol used by the Department of the Treasury to identify accounting reports and documents prepared by or for accounting stations and financial offices. The following 4- or 8-digit numeric codes shall be entered in this block by the respective DoD Components. Defense Agencies shall use the appropriate agency location code based on the Military Service that provided the DSSN.

1700XXXX Navy and Marine Corps disbursing offices.
Note: The XXXX represents the DSSN. Insert the assigned DSSN in lieu of "XXXX".

2100XXXX Army disbursing offices. Note: The XXXX represents the DSSN. Insert the assigned DSSN in lieu of "XXXX". U.S. Army Corps of Engineers activities that disburse from civilian funds shall enter only the DSSN.

5700XXXX Air Force disbursing offices. Note: The XXXX represents the DSSN. Insert the assigned DSSN in lieu of "XXXX".

★ 15. AGENCY OUTPUT. Leave blank. Not required with the DCRM system formats. All SFs 1184 are submitted through the DCRM system. Therefore, if an activity does not direct DCRM capability, the paper copy of the SF 1184 is converted into a data file in the DCRM system by the supporting DFAS site prior to the submission to the Department of the Treasury.

16. AGENCY REFERENCE. This field is optional. DOs may use this 35-character field as necessary to enter information that will assist in identifying this particular SF 1184, identify actions, or explain the reason for the SF 1184.

17. FOR D.O. USE. Enter the DSSN on the D.O. Activity line. The DO or deputy shall sign on the signature line provided.

18. FOR AGENCY USE. For Army and Air Force, enter the DoD Component name on the Agency line. Navy and Marine Corps disbursing offices enter the name of the preparing disbursing office on the Agency line. The DO or deputy shall sign the signature line on every SF 1184 submitted.

C. Completion of Transmittal Document. A transmittal SF 1184 shall be prepared daily for each batch of 50, or fewer, items submitted on any date. A separate SF 1184 shall be used as the transmittal document. Under no circumstances shall a batch contain more than 50 items. The required data fields for the transmittal SF 1184 and their contents are described below. Use of fields other than those listed will result in rejection of the entire batch by the Department of the Treasury. This form shall be prepared by a typewriter. See figure 8-7.

1. ADDRESS. This field accommodates 120 characters. Enter the DO's name and complete disbursing office address.

2. FOR D.O. USE. Type the DSSN of the preparing disbursing office in the space directly above D.O. Activity. The DO or deputy shall sign the SF 1184 transmittal document in the space provided.

3. AGY. LOC. CODE. The following numeric codes shall be used by the respective DoD Components. Defense Agencies shall use the appropriate agency location code based on the Military Service that provided the DSSN.

1700	Navy and Marine Corps
2100	Army
5700	Air Force

★ 4. AGENCY OUTPUT. Leave blank. Not required with the DCRM system formats. All SFs 1184 are submitted through the DCRM system. Therefore, if an activity does not direct DCRM capability, the paper copy of the SF 1184 is converted into a data file in the DCRM system by the supporting DFAS site prior to the submission to the Department of the Treasury.

5. FOR AGENCY USE. When the SF 1184 is used as a transmittal document enter in this field the total number of SFs 1184 attached and the batch number of the batch being transmitted. The batch number consists of 13 digits. The batch number shall be composed of the submitting DO's DSSN (four digits); the date (MMDDYY) (six digits), and a 3-digit sequential number beginning with 001 each day. The batch sequential number shall also be recorded DD Form 2662. The SF 1184 Total indicates the total number of individual cancellation documents being submitted with a transmittal document to the Department of the Treasury. Use one numeric digit for batches containing one to nine items. Use two numeric digits for batches containing 10 to 50 items. Enter the DoD Component name (e.g., Army, Air Force, Navy, or Marine Corps) on the Agency line. The DO or deputy shall sign the signature line for each transmittal submitted.

★ D. Submission of Unavailable Check Cancellation. All cancellations shall be submitted on the day they are prepared along with a transmittal covering the item cancellations in every batch. Transmittals are required even if only one item cancellation is being submitted.

1. Distribution. Distribute the SF 1184 package as follows:

Original -	Supporting DFAS site
DO copy -	DO's recertified payment case file
Agency receipt copy -	Supporting DFAS site
Administration agency copy	Disbursing office files
-	

The agency receipt copy of the batch transmittal shall be returned by the supporting DFAS site to advise the DO that the entire batch has been accepted and processed. If the agency receipt copy has not been returned within 20 days after submission, the DO shall contact the appropriate DFAS site listed above and request assistance.

2. Addresses. The addresses for submission are as follows:

Defense Finance and Accounting Service Cleveland
DFAS-AHADD/CL
1240 E. Ninth Street
Cleveland, OH 44199-2056

Defense Finance and Accounting Service Columbus
DFAS-ADQR/CO
3990 East Broad Street, Building 21
Columbus, OH 43213

Defense Finance and Accounting Service Denver
DFAS-AAC/DE
6760 E. Irvington Place
Denver, CO 80279-8000

Defense Finance and Accounting Service Indianapolis
DFAS-AHEF/IN
8899 East 56th Street
Indianapolis, IN 46249-8673
or via email submission to: dcrmindy@dfas.mil

Defense Finance and Accounting Service Kansas City
DFAS-ADDI/KC
1500 E. 95th Street
Kansas City, MO 64197-0001

★ 080509. Daily Advice of Status (DAS). With the exception of the transmittal documents, the Department of the Treasury will return 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 Department of the Treasury has received and processed all submissions. Incomplete file items shall be followed up within 30 days through the supporting DFAS site by telephone and if necessary, by processing a second SF 1184. The status codes used by the Department of the Treasury on the DAS are listed in table 8-2. When the Department of the 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 can be submitted for that check number. If the original check is ever presented through the banking system for payment, then the DO will receive notification that the credit to Unavailable Check Cancellations and Overpayments, Suspense, **F3880, has been reversed by Department of the Treasury. The Department of the Treasury will, at that time, provide a photocopy of the original check, a claims document, and a claim form (FMS Forms 3858 and 1133).

★ 080510. Payments Accounting Claims Enhancements Reconciliation (PACER) On-Line System. The Department of the Treasury's PACER On-Line (POL) system is available to obtain digital check images and view check status on-line. The POL system only contains information and images for checks issued since October 1997. Digital images are available only if the check has been paid. The time for receiving a digital image depends on how the image is requested (either on-line or batch), how long the image has been on the FRB Archive, and whether or not the image has ever been requested before. Images that are under 6 months old or have been previously requested within the past 30 days are available for immediate viewing. Images that have been archived by the Federal Reserve System in the preceding 6 months will normally be available within a few hours. Images that have been archived for more than 6 months will usually be available within 24 hours of the request. If the check is not immediately available, then the IMAGE AVAIL field on the SELECT AVAILABLE IMAGES/DOCUMENTS panel will have a "N" (for NO). An image can be requested by typing

"X" in the SEL IMAGE AVAIL field and pressing F9=IMAGE. A paper copy of the check may be requested by typing "X" in the SEL field and pressing ENTER. When requesting a digital image, if the message NO IMAGES AVAILABLE FOR CHK/TRACE NUMBER appears, then the check may be outstanding and/or unreconciled. 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. Eastern (ET) to 12 midnight ET. There is no software purchase required to access the POL system. The system requirements are found on the website <http://www.fms.treas.gov/pacer/> under Equipment Requirements. To request access to the POL system, contact the DFAS Denver, DFAS Indianapolis, DFAS Cleveland, DFAS Kansas City, or DFAS Columbus, as applicable, for assistance.

★ 080511. Manual Preparation of the FMS Form 3864. Since the DCRM system is used for the SF 1184 submission, manual preparation of the FMS Form 3864 (Agency Recertification Follow-up) is rarely accomplished. This paragraph covers the procedures for completing a hardcopy FMS Form 3864, if the need arises. After submitting an SF 1184 on a check, DOs shall use the FMS Form 3864 to maintain contact with the Department of the Treasury regarding previously submitted SFs 1184 when the DAS code has been received but either the **F3880 credit, photocopy or claim form is 30 days overdue. The DO shall complete parts A and B, as prescribed below. The Department of the Treasury will complete part C and return the form to the disbursing office. Table 8-3 lists more details on submission of this form.

A. FMS Form 3864, Part A. The DO shall complete this portion from retained records (original SF 1184 submitted, the DAS, and/or claims document). If the status code is known, provide it in the proper block. The information entered on this form shall be typed.

B. FMS Form 3864, Part B. The DO shall complete this portion indicating the reason for submitting the FMS Form 3864. See table 8-3 for more details regarding the reasons for follow-up and required follow-up time frames.

C. FMS Form 3864, Part C. The Department of the Treasury will place a check mark in the appropriate block in reply to the DO's follow-up request, and will enter an explanation in part C-9, OTHER, when warranted. Part C-8 will be checked only when the Department of the Treasury cannot furnish an immediate response to a follow-up request. A further response shall be provided by the Department of the Treasury within 30 calendar days.

★ 080512. Accounting for Recertified Payments

A. General. All credits for canceled unavailable checks and charges resulting from negotiation of a previously canceled unavailable check are provided by the Department of the Treasury through budget clearing account Unavailable Check Cancellations and Overpayments (Suspense), **F3880. The **F3880 account is restricted to unavailable check transactions and shall not be used for any other purpose. The **F3880 account is available to hold credit or chargeback amounts only until the appropriation or fund that was charged when

the original check was issued can be identified. No recertified payments may be made using the **F3880 appropriation. All amounts in the **F3880 account must be transferred to the original appropriation as expeditiously as possible. Transactions in this account must not be allowed to become stale or unidentifiable. An unidentifiable balance may result in a DO loss of funds and associated liability. NOTE: As indicated in Chapter 7 of this volume, exchange-for-cash checks generally are issued as advances to deputies, agents, or cashiers, or as an accommodation service for the benefit of a payee. These exchange-for-cash transactions were not originally charged to an appropriation on fund. If a deputy, agent, or cashier loses such a check, the loss will be treated as a physical loss of funds as prescribed in Chapter 6 of this volume. If the Department of the Treasury determines the check to be outstanding, the unavailable check credit shall be used to offset the loss of funds. If the unavailable check is negotiated later and the Department of the Treasury reverses the credit, then the physical loss of funds shall be reestablished. If a payee who received an exchange-for-cash check as an accommodation service loses such a check, then the unavailable check credit shall be used to reimburse the payee for the loss. The **F3880 should be transferred to the **X6501, small escrow deposit fund account and then a recertified payment made charging the **X6501 account for the disbursement. The DO may issue a check for the recertified payment only after receipt of the **F3880 credit, since the escrow deposit fund account is only a holding account. At no time may a disbursement be made from this account before the funds have been placed into this account. The DO shall use discretion when authorizing recertified payments for lost exchange-for-cash checks for individuals that were cashed as an accommodation exchange transaction based on the risk associated with recovery of the funds in the event dual negotiation occurs. 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 cancelled by limited payability.

1. Credits Resulting from Submission of SFs 1184. If an unavailable check is outstanding (not negotiated), the Department of the Treasury will issue a DAS indicating that the check is outstanding and that the agency will be credited with the proceeds. The Department of the Treasury will cancel the check and credit the funds derived from the cancellation to the **F3880 account. The DFAS Cleveland, DFAS Denver and DFAS Indianapolis will receive the cancellation credits from the Department of the Treasury electronically on a daily basis as needed. A hardcopy of the SF 1081 follows the electronic submission. The proceeds of these canceled checks are forwarded to the DFAS Cleveland, DFAS Denver, and DFAS Indianapolis through the Government On-line Accounting Link System II/Intra-Governmental Payment and Collection system (GOALS II/IPAC). Any identifying information provided in the original check issue data submission will be reflected as detail in the credit transmission.

2. Reversals of Cancellation Credits. If a canceled unavailable check is negotiated to a financial institution after cancellation by the Department of the Treasury, the Department of the Treasury will reverse the cancellation credit and provide a DAS indicating the check has been negotiated and the credit reversed. The Department of the Treasury will provide a copy of the paid check, and FMS Forms 1133 and 3858. The reversal transactions will be

separate from the monthly cancellation credits described above. The DFAS Cleveland, DFAS Denver, and DFAS Indianapolis will receive the cancellation credit reversals from the Department of the Treasury with an SF 1081 and a listing of checks for which credit was reversed. Identifying information for the checks will be included on the debit transmission.

B. Distribution. Title 31 of the United States Code 3334(a)(2) (reference (e)) requires that the proceeds from canceled checks be returned to the appropriation from which the check was issued originally and to treat the canceled check as an account payable. Within 15 days of receipt, the DFAS Denver, DFAS Indianapolis, and DFAS Cleveland should forward the check cancellation and credit detail information both to each disbursing office (except as noted below) that issued the check and the accounting office that supports the disbursing office. Any reversal of previous cancellation credits issued by the Department of the Treasury should also be forwarded in the same manner to the applicable disbursing and accounting offices.

1. The DFAS Cleveland, DFAS Denver, and DFAS Indianapolis will forward the check credit information (including the detail information) that is applicable to the disbursing accounts that DFAS Columbus manages to DFAS Columbus. The DFAS Cleveland will forward the cancellation credit information (including the detail information) applicable to DFAS Kansas City and the Marine Corps disbursing offices to DFAS Kansas City for further distribution.

2. The DFAS Cleveland posts monthly, upon receipt, the current **F3880 reports for ALC 1700 on the website, <https://mzd.mech.disa.mil/>, under the topic of cash reports for the use of the DOs and accounting offices supported by DFAS Cleveland. The **F3880 reports are cumulative; therefore only the latest reports may be accessed.

C. Accounting Office. When canceled check credits are received, the accounting office must transfer promptly the individual check credits from **F3880 to the original appropriation charged when the payment was issued, and establish an account payable. If an unavailable check is replaced before receipt of credit from the Department of the Treasury, then the accounting office should establish an account receivable in the appropriation or fund charged for the original check issued and remove the receivable when the credit is received. Reversal of a previous credit also should be promptly transferred from **F3880 to the original appropriation.

D. Review of **F3880 Balances. The DO shall review the **F3880 account monthly to assure all necessary actions are being taken to clear these transactions. Also, each time the DO's account is transferred, balances in this account shall be validated by the incoming DO, as prescribed in Chapter 2, subparagraph 020402.A.8 of this volume. If the departing DO cannot provide the incumbent DO with documentation supporting the **F3880 items, the departing DO shall process the unsupported items as a loss of funds as prescribed in Chapter 06 of this volume.

E. Research. Upon receipt of the DAS indicating cancellation credit or reversal information from the supporting DFAS site, the disbursing officer is responsible for initiating research on the check issue data submitted to the Department of the Treasury to ensure that the detailed information provided is accurate. That is, the DSSN, check serial number, date

of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to the Department of the Treasury when the check was issued.

Any discrepancy in this data must be researched to determine the cause of the discrepancy and appropriate action taken to correct the discrepancy. In the case of a reversal, the DO must determine if a dual negotiation occurred by verifying the status of the replacement check. The DO shall submit an SF 1184 on the replacement check using Stop Reason Code "F" for nonentitlement. If the check for the recertified payment has not been negotiated, then the DO will receive a credit, which would offset the charge for the reversal previously received. If the check has been paid, then the DO will receive a photocopy of the paid check, a claim form, and a claims document. If both checks for the original and recertified payments have been negotiated, then the DO should begin collection action as outlined in paragraph 080517, below.

1. The disbursing office also must notify the appropriate entitlement or subject matter area (e.g., military pay, civilian pay, travel pay, or commercial accounts payable) that the Department of the Treasury has returned credit to the activity because the check was not negotiated or has reversed a credit previously received and provide a copy of the DAS.

2. The disbursing officer must notify the obligational authority accounting department to request that they reobligate funds to cover the issuance of a recertified payment. Upon assurance that funds are reobligated and available, the disbursing officer may issue a recertified payment citing the original appropriation. If the original appropriation is closed, then a current year appropriation for the same or similar purpose may be used.

3. When the Department of the Treasury provides a Reclamation Credit, the disbursing officer shall contact the obligational authority accounting department to request that they reobligate funds to cover the issuance of a recertified payment.

F. 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 must determine whether the liability for payment of the underlying obligation is valid prior to the preparation of the recertified payment. A recertified payment cannot be made if the entitlement to payment no longer exists.

G. Recertified Payments. All recertified payments (including immediate replacements under stop code "A") must be vouchered, certified by a certifying official, and charged to the appropriation or fund charged when the original check was issued. Recertified payments may be issued at the same time that the disbursing office submits the SF 1184 or at any subsequent point 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 subparagraph 080506.C, above.

2. After the disbursing office has been advised by the DAS code that the original is outstanding and credit will be provided.

3. After the credit has been received from the Department of the Treasury.

Making a recertified payment under the first two provisions listed above, will require an account receivable to be established in the appropriation or fund for the amount due on cancellation of the original check. A copy of the SF 1184 and/or DAS may be used to support the account receivable.

★ 080513. Preparation and Disposition of Replacement Checks

A. General. Replacement checks shall be prepared and distributed in the same manner as regular checks previously described in Chapter 7 of this volume. If a payee claims nonreceipt, loss, or destruction of a replacement check, then the unavailable check cancellation procedures in this section also apply to the replacement check.

B. Undeliverable Replacement Checks. An undeliverable replacement check shall be processed in the same manner as any other undeliverable check immediately after it is found to be undeliverable. The 60-day time limit for holding undelivered checks is not applicable to undeliverable replacement checks. The check shall be canceled on an SF 1098 with credit to the appropriation charged when it was issued in accordance with paragraph 080512, above. The check shall then be deposited with the nearest FRB or branch on an SF 215 as prescribed in section 0804 of this chapter.

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, the replacement check shall be canceled on an SF 1098 and credited to the appropriation charged when it was issued. The check shall then be deposited with the nearest FRB or branch on an SF 215 as prescribed in section 0804 of this chapter. The chargeback to the **F3880 account from the Department of the Treasury for the negotiated original check must be transferred to the appropriation charged when the original check was issued.

D. Returned and Recovered Original Checks. If an original check is returned to or recovered by the DO after an SF 1184 has been submitted with stop reason code "A", "D", "E", "F", "G", or "U", or the check is over 1 year old, it shall not be canceled on an SF 1098. The check shall be marked "NOT NEGOTIABLE. PREVIOUSLY TREATED AS CANCELED – AN UNAVAILABLE CHECK CANCELLATION STOP PAYMENT SF 1184 DATED _____." OR "NOT NEGOTIABLE. CHECK CANCELED UNDER LIMITED PAYABILITY." as applicable, on the front and held for 90 days in the DO's safe or vault. After the DAS and credit have been received from the Department of the Treasury and the 90-day holding period has lapsed, the marked check shall be destroyed locally by burning or shredding. No report of destruction is made to the Department of the Treasury. The date of destruction and supporting documentation shall be noted in the DD Form 2662. If the SF 1184 was submitted with stop reason code "K", "L", or "M", and the check is less than 1 year old, then the recovered

check may be canceled as an available check on an SF 1098. Outstanding checks that are over 1 year old have already been cancelled by Treasury under the provisions of limited payability, therefore, under no circumstances may a DO cancel or deposit a check by any means if it is over 1 year old.

080514. Forgery

A. General. When the Department of the Treasury has determined that an original check has been paid, a payee may have a valid claim against the Check Forgery Insurance Fund (CFIF), enforcing the government's obligation on account of the check. When the check status is "Paid" the Department of the Treasury will provide a photocopy of the original check, an FMS Form 1133 (Claim Against the United States for the Proceeds of a Government Check), and an FMS 3858 (Claims Document). If a photocopy of the check is not available within 60 days, the Department of the Treasury will provide a modified FMS Form 1133. If the Department of the Treasury does not provide the modified FMS Form 1133, the DO should request one by using FMS Form 3864. If the payee of the original check is deceased, not entitled to the proceeds of the check, or the check was endorsed before it was lost or stolen, the Department of the Treasury will take no action on the claim if the photocopy of the paid check is not available within 60 days. The FMS Forms 1133 and 3858 are combined in a four-page form set. The FMS Form 1133 is for the payee's declarations and information concerning the unavailable check. The FMS Form 3858 is the claim reference document that contains the necessary information for U.S. Treasury Check Claims Operations to identify the check. A copy of the FMS Form 3858 must be attached to any correspondence with the Department of the Treasury concerning the unavailable check.

B. Check Forgery Insurance Fund (CFIF). Only the Department of the Treasury's Division of Check Claims is authorized to adjudicate claims of forgery against U.S. Treasury checks. As explained in section 0806, below, a claim against the CFIF is governed by the 1-year statute of limitations provided in the Competitive Equality Banking Act of 1987 (CEBA) (reference (x)), since a claim against the CFIF constitutes a claim on account of an U.S. Treasury check. Therefore, a claim of forgery must be presented within 1 year from the date the check was issued. If the claim is not presented within the 1-year statutory period, then the claim on the check is barred and the payee is not entitled to payment out of the CFIF. NOTE: The statutory 1-year limit on the claim against the CFIF has no effect on the underlying obligation of the government for the payment. If the Department of the Treasury determines a check endorsement was forged and the payee's claim meets the statutory requirements, then the Department of the Treasury will institute reclamation procedures to recover the proceeds of the forged check from the banking system. The CEBA also set a statutory time limit of 18 months from the date a check is negotiated for accomplishment of bank reclamation. As stated in Comptroller General Decision B-242666 of August 31, 1993, (reference z)), if the statutory requirements for the claim have been met and the proceeds of the check cannot be recovered from the banking system through bank reclamation procedures, then the Department of the Treasury is responsible for issuance of the settlement check with the payment charged to the CFIF.

080515. Forgery Claims

A. General. As stated in the previous paragraph, a payee may have a valid claim against the CFIF when the unavailable original check has been determined by the Department of the Treasury to be paid. The DO shall deliver the FMS Form 1133 portion of the form set to the payee for completion and return to the disbursing office if the SF 1184 was submitted with stop codes of "A", "D", "F", or "G." If the payee claims the endorsement signature is a forgery, then the FMS Form 1133 must be completed by the payee and returned to the DO for submission to the Department of the Treasury. The DO shall inform the payee that only the Department of the Treasury is authorized to adjudicate claims of forgery against U.S. Treasury checks. If a check for a recertified payment has not yet been issued, then no recertified payment will be issued prior to receipt of a claims deposition (FMS Form 3859) from the Department of the Treasury. If the Department of the Treasury determines the check was not forged, then the claim will be considered closed and the payee normally will not be authorized to receive a recertified payment. Also, if the Department of the Treasury determines the original check was not forged and the original check has been replaced by a recertified payment check, then the payee shall be liable for the value of the recertified payment and must make immediate payment. NOTE: Checks lost by the payee after the payee endorsed them are not forgeries.

B. FMS Form 3859 (Claims Disposition Notice). A payee is entitled to a recertified payment only in settlement of a claim of forgery based on an FMS Form 3859 issued by Department of the Treasury. The FMS Form 3859 is used to advise the payee and the DO of the results of the Department of the Treasury's investigation of the claim of forgery. The conditions by which the DO is authorized to issue a recertified payment to the payee are described below.

1. The Department of the Treasury has determined that the endorsement on the original check was forged and is in the process of collecting the proceeds through the banking system (bank reclamation), refund pending. In this instance, should the bank reclamation process fail, the settlement to the payee should properly be chargeable to the CFIF. Therefore, the recertified payment check should not be issued until the Department of the Treasury further advises that the proceeds have been recovered from the banking system and the credit has been provided to the **F3880 account.

2. The Department of the Treasury has determined that the payee is entitled to the proceeds of the check (the endorsement on the original check was forged but the time period for bank reclamation has expired), settlement authorized. This situation generally does not occur unless the payee failed to file the claim against the original check within the statutory 1-year period from the date the check was issued. As stated in paragraph 080514, above, this 1-year statutory period does not effect the underlying obligation to make payment. In this instance, if the underlying obligation is otherwise determined to be valid (payee entitled to the payment), the recertified payment may be issued with the payment charged to the appropriation or fund charged when the original check was issued. If the original appropriation or fund is no longer available, then the recertified payment should be charged to a current appropriation available for the same general purpose subject to the limitations on its use.

★ 080516. Collections of Double Negotiations

A. General. A double negotiation occurs when an original check and its replacement check have both been reported as paid by the Department of the Treasury. The loss actually occurs when the second check is negotiated. The order in which the checks are cashed is irrelevant. A double negotiation is considered to be an illegal, incorrect, or improper payment for purposes of pecuniary liability. DOs are responsible for collection from payees to recover illegal, incorrect, or improper payments made by the DOs and/or deputies and agents. In the event that the payee separates from government service, the DO shall continue to be responsible for assuring collection action. Normally, collections for illegal, incorrect, or improper payments are one-time cash refunds or lump-sum collection by salary offset and do not warrant installment liquidation. A decision to permit repayment in installments is reserved for extreme personal hardship and is left to the discretion of the DO.

B. Procedures1. Collection Action

a. When the DO is notified that the Department of the Treasury has reversed a previous credit to the **F3880 account from the cancellation of the original check, the DO shall immediately research and initiate action to determine if a double negotiation has occurred by determining the payment status of the replacement check. Once a response from the Department of the Treasury confirms that a double negotiation has occurred, the DO must immediately begin collection action. Due process rights of collection specified in Chapter 29 of this Volume shall be afforded the payee in each case. Normally, the most effective measure of effecting expeditious recovery is to present the payee a photocopy of the paid original check and the paid replacement check and a copy of the signed statement of the claimant containing the clause acknowledging that the payee was not entitled to both the original and the recertified payment, 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 the FMS Form 1133 provides this opportunity.

b. When presented with the copies of the negotiated checks, the payee asserts that one of the checks was negotiated over a forged endorsement, then collection should not begin until the Department of the Treasury's Division of Check Claims adjudicates the payee's claim of forgery. If the Department of the Treasury determines the check was forged, then the payee would not owe the debt. If the Department of the Treasury denies the payee's claim of forgery (e.g., the Department of the Treasury determines the check was not forged), then the full amount of the check is due and subject to immediate collection. If the payee fails to provide the properly completed FMS Form 1133 within the time frame allowed for presentation of documentation as to why the debt is not owed, the payee will be deemed to have acknowledged the debt and the DO must take immediate collection action. In either situation, the collection action shall be completed within 90 days of the receipt of the DAS from the Department of the Treasury indicating the canceled unavailable original check has been paid or

within 90 days of receipt of the FMS Form 3859 from the Department of the Treasury indicating the payee's claim of forgery is denied, as applicable to the circumstances of each individual case as described above.

c. The DO shall document all attempts to collect the illegal, incorrect, or improper payments. If all reasonable steps have been taken to make collection and the illegal, incorrect, or improper payment becomes locally uncollectible within the 90-day time limit, then the DO shall transfer the debt to the appropriate office designated to pursue collection of locally uncollectible debts. Debt collection processes are covered in Chapters 29 through 32 of this volume. If the dual negotiation involves a check issued to a contractor or vendor, refer to Volume 10 of this Regulation for the debt collection procedures applicable for these type of payments. Although the debt is transferred to another office for further collection action, the DO remains pecuniary liable for the illegal, incorrect, or improper payment until the debt has been collected or relief has been granted. See paragraph 080518, below.

2. Determination of Fraud. Double negotiations could indicate misrepresentation or fraudulent intent. If the DO suspects that the negotiation of the original check is the result of fraudulent activity, then the procedures outlined in Chapter 6 of this volume for reporting the event, and for possible investigative and disciplinary action shall be followed. Collection action shall be taken as specified in this Volume.

★ 080517. Relief of Liability for Uncollectible Illegal, Incorrect, or Improper Payments. The DO may request relief of liability for illegal, incorrect, or improper payments following the procedures in Chapter 6 of this volume. Consistent with 65 Comptroller General Decision 812 (reference (aa)), relief will generally be denied in cases where the DO does not make all reasonable attempts to collect from the payee and delays more than 3 months before referring the debt to the appropriate activity for further collection.

★ 080518. Separation of Duties. The payment recertification process is subject to the same management controls as other more routine disbursements. The same individual shall not authorize, process, and review recertified payment transactions. Except as provided below, the minimum acceptable separation of duties shall consist of preparation of the SF 1184 by one individual; review and approval of the DD Form 2660 and SF 1184 by a deputy or the DO; preparation of a disbursement voucher by one individual in the appropriate entitlement area; review and approval of the voucher and supporting documentation by a first line supervisor other than the deputy or DO authorizing the transaction; and authorization of the disbursement by the DO or a deputy. At locations 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 shall ensure 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 separate individuals.

0806 U.S. TREASURY CHECKS CANCELED UNDER LIMITED PAYABILITY

080601. Background. The Competitive Equality Banking Act of 1987, Public Law 100-86 (CEBA) (reference (x)) amended 31 U.S.C. 3328 (reference (e)), and created a new section 3334 to establish time limits on the payability (negotiability) of U.S. Treasury checks. The CEBA affects the time period permitted for the negotiation of U.S. Treasury checks, initiating and processing claims on those checks, recovering monies from financial institutions, and the replacement of U.S. Treasury checks. The CEBA has no effect on the underlying obligation of the United States for which a U.S. Treasury check was issued. The EFT payments and limited depository checking account payments also are not affected by CEBA.

A. Pre-CEBA. Prior to the effective date of CEBA (October 1, 1989), 31 U.S.C. 3328(a) provided that a U.S. Treasury check could be paid (negotiated) at 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) U.S. Treasury check. These principles may be shown with the following hypothetical examples.

1. An individual makes a claim for payment of \$1,000 in December 1978 with an agency and receives a U.S. Treasury check for the payment in January 1979. The individual does not negotiate the check until 1986. In this example, the underlying obligation is the amount due in satisfaction of the claim. The individual tolled the Barring Act by submitting the claim for payment in December 1978. Upon the issuance of a U.S. Treasury check, the individual also has a separate claim on the U.S. Treasury check, which was, in 1979, payable in perpetuity (31 U.S.C. 3328(a) (1982)). Thus, prior to CEBA, the individual's right to obtain a replacement check on account of the original unnegotiated U.S. Treasury check masked the effect of the Barring Act (31 U.S.C. 3702 (b)) on the underlying obligation.

2. Modifying slightly this example may show 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 6-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, then the claim for the additional amount would have been barred since more than 6 years had lapsed from the accrual of the original claim.

B. CEBA. The CEBA established a 1-year limitation on the negotiability of a Treasury check. This negotiation period does not affect the obligation underlying the check. Effective October 1, 1989, CEBA left the two causes of action separate; that is, one on the underlying obligation and one on the U.S. Treasury check. The CEBA imposed a statutory limitation on the period during which a U.S. Treasury check may be paid and on any claim on account of an U.S. Treasury check. The CEBA requires that U.S. Treasury checks must be negotiated within 1 year of the date of issuance and states that any claim on account of a U.S. Treasury check is barred unless the agency, which issued the check, receives a claim within

1 year of the issuance date. Following this 1-year period, a request for payment based on the U.S. Treasury check is forever barred. The payee may still be entitled to payment based on the underlying obligation subject to the 6-year statute of limitations in the Barring Act (31 U.S.C. 3702(b)). Accordingly, after the 6-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. To make CEBA applicable to the example in subparagraph 080601.A, above, consider the following. If the individual submitted the claim in December 1989, and the check was issued January 1, 1990, then a claim on the check expired 1 year after the date of issue, December 31, 1990. Thus, the individual had to complete his claim on the U.S. Treasury check before the 1-year period expired in order to obtain a replacement check. The fact that a replacement check is no longer available does not affect a claim on the underlying obligation. In this example, because a claim for payment, was submitted timely, December 1989, the period of limitations as prescribed in the Barring Act was tolled, and a check may be issued, even if more than 6 years has passed. Conversely, if a timely claim on the underlying obligation had not been received, then the claim on the underlying obligation is barred and an agency may not issue a check. Therefore, if a claimant has submitted a valid claim to toll the statute of limitations on the underlying obligation, then he may obtain a payment check even if more than 6 years have passed since the claim accrued or the check was issued. 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 U.S. Treasury check under CEBA, then Doctrine of Laches may apply (see definitions). Furthermore, Department of the Treasury records show only that a check has not been presented to the Department of the Treasury for payment, and not whether it was presented to and paid by an intermediary bank.

080602. U.S. Treasury Check Payability. All U.S. Treasury checks issued prior to October 1, 1989, have been canceled. All U.S. Treasury checks issued on or after October 1, 1989, bear the legend "Void After One Year." The Department of the Treasury will decline payment of all checks, which are not negotiated to a financial institution within 1 year from the check issue date. Financial institutions will advise the payee to contact the agency, which issued the check because the check is no longer negotiable. Any physical checks returned to the disbursing office because they are no longer payable (negotiable) shall be stamped "VOID - NOT NEGOTIABLE" and shredded after the disbursing office has confirmed receipt of the Limited Payability cancellation credit. The U.S. Treasury checks issued prior to October 1, 1989, have already been mass canceled and may be shredded without confirmation of receipt of a Limited Payability cancellation credit.

080603. U.S. Treasury Check Claimability. Any claim on account of a U.S. Treasury check is barred unless it is presented to the agency that issued the check within 1 year after the date of issuance. Since CEBA established a 1-year statute of limitations for claims against a U.S. Treasury check, DOs are not authorized to process any claim for replacement of a check which is over 12 months old (from date of issue). Therefore, under the provisions of CEBA, DOs must reject all claims against U.S. Treasury checks as time barred (e.g., claims for replacement of U.S. Treasury checks) that are not received prior to the

expiration of the 12-month period of negotiability (from the date of issue) of the check. The DO should notify the claimant that a claim of nonpayment of the underlying obligation of the government must be filed with the appropriate entitlement office (contracting officer for vendors or commercial payees, military pay office, civilian pay office, travel office, etc.).

080604. Limited Payability Check Cancellation Process. During the 14th month after issuance, the Department of the Treasury will identify and cancel all checks that have not been negotiated within 12 months from the date of issue. When check issue data is submitted after the limited payability period, the cancellation of checks that are outstanding will occur at the end of the month in which the check issue data is submitted. The Department of the Treasury will credit the funds derived from the cancellation of checks dated on or after October 1, 1989, to the Unavailable Check Cancellations and Overpayments (Suspense) Account, **F3880. The DFAS Cleveland, DFAS Denver, and DFAS Indianapolis will receive the limited payability cancellation credits monthly from the Department of the Treasury with an SF 1081 and a magnetic tape listing of checks canceled. Identifying information for the checks being canceled will be included on the magnetic tape. Where available, the proceeds of these canceled checks will be forwarded through the GOALS II/IPAC system. Any identifying information provided in the original check issue data submission will be reflected as detail in the credit transmission. The DFAS Cleveland, DFAS Denver, and DFAS Indianapolis will forward check credit information (including the detail information) applicable to DFAS Columbus disbursing accounts to DFAS Columbus. The DFAS Cleveland also will forward the cancellation credit information (including the detail information) applicable to DFAS Kansas City and the Marine Corps disbursing offices to DFAS Kansas City. NOTE: All checks issued before October 1, 1989, which were not negotiated by October 1, 1990, also were canceled by the Department of the Treasury (referred to as "mass cancellation"). The proceeds of these canceled checks were not returned to the check issuing agency but were applied to the Department of the Treasury's uncollectible accounts receivable.

080605. Reversals of Limited Payability Cancellations. In some cases, checks will be negotiated to financial institutions within 1 year from the date of issue, but processing in the Federal Reserve System or in the Department of the Treasury's Reconciliation Branch will prevent the payment from being applied to the Check Payment and Reconciliation (CP&R) system before the limited payability cancellation has occurred. In these instances it will be necessary for the Department of the Treasury to reverse the cancellation credit and provide a copy of the paid check. Reversal transactions will be separate from the monthly cancellation credits described above.

080606. Accounting for Limited Payability Cancellation Credits or Reversals

A. DFAS Denver, DFAS Indianapolis, DFAS Cleveland, DFAS Kansas City, and DFAS Columbus. Title 31 U.S.C. 3334(a)(2) (reference (e)) requires that the proceeds from canceled checks be returned to the appropriation from which the check was issued originally and to treat the canceled check as an account payable. Within 15 days of receipt, the check

cancellation and credit detail information must be forwarded to the both the disbursing office that issued the check and the accounting office that supports the disbursing office. Any Department of the Treasury reversal of previous cancellation credits also should be forwarded to the applicable disbursing and accounting offices.

★ B. Accounting Adjustments. The limited payability credits or reversals of credit must be promptly transferred from the **F3880 account to the appropriation charged when the check was issued. The accounting office should establish an accounts payable for each credit, or an accounts receivable for the reversals, as applicable. The returned canceled check credits are to be accounted for as current liabilities as the amounts are subject to payment on request upon establishment of a valid claim to the funds. Entries to these new accounts are to be based 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 the DFAS Denver, DFAS Indianapolis, DFAS Cleveland, DFAS Kansas City, and DFAS Columbus, the disbursing officer is responsible for initiating research on the check issue data submitted to the Department of the Treasury to ensure that the detailed information provided is accurate. That is, the DSSN, check serial number, date of issue, and issue amount provided in the cancellation credit or reversal must agree with the original check issue data reported to the Department of the Treasury when the check was issued. Any discrepancy in this data must be researched to determine the cause of the discrepancy and appropriate action taken to correct the discrepancy. In addition, the disbursing officer shall ensure that disbursing records are researched to determine if a claim of loss, theft, nonreceipt, etc., has been filed on the limited payability canceled check. This includes a determination of whether the check was previously replaced by a control check, recertified payment, or other type of replacement check. The disbursing office also should notify the appropriate entitlement or subject matter area (e.g. military pay, civilian pay, travel pay, or commercial accounts payable) that the Department of the Treasury has returned credit to the activity because the check was not negotiated within the prescribed period. Upon the request of an entitlement area, DOs should accomplish the verifications described at subparagraphs 080608.A through 080608.D, below, and advise the entitlement area whether the original U.S. Treasury check was canceled or negotiated, or whether it was previously replaced.

080607. Claims of Nonpayment of the Underlying Obligation. Whether a check may be replaced following the limited payability cancellation of a U.S. Treasury check depends on whether a timely claim on the underlying obligation has been submitted to toll the applicable statute of limitation, 31 U.S.C. 3702 (b) (Barring Act). As explained in the following subparagraphs, where documentary evidence of a timely claim on the underlying obligation exists, or other appropriate evidence that a timely claim was received, an agency may issue a new check. As required by paragraph 080603, above, when a U.S. Treasury check claim or replacement request is received by a DO more than 1 year after the check issuance, the DO should notify the claimant that a claim on account of the U.S. Treasury check is barred, and that any claims on underlying obligations should be filed by the payee with the appropriate

entitlement area or agency with jurisdiction over the underlying obligation. In all cases, the appropriate entitlement area must determine entitlement to payment on these claims. For approved claims, the source of funding for the recertified payment must be the appropriation charged when the original check was issued, or if no longer available, a current appropriation available for the same general purpose subject to limitations on its use. For checks issued on or after October 1, 1989, which were canceled under limited payability, proceeds were provided as described in the previous paragraph and should have been transferred to the original appropriation charged when the check was issued and an account payable established. For checks issued before October 1, 1989, which were mass canceled and for which the proceeds were not returned to the issuing agency, the source of funding for approved claims should be the appropriation charged when the original payment was made. If no longer available, charge a current appropriation available for the same general purpose as the original appropriation subject to limitations on its use. After determination of a payee's entitlement to a recertified payment, the entitlement area should prepare and certify the payment voucher and forward the voucher and supporting documentation to the disbursing officer for payment.

A. Claim of Individual Payees

1. Military Pay. Claims of nonpayment of members of the Armed Forces (to include active duty, reserve, retired, and annuitant) must be submitted to the appropriate military payroll office for determination of entitlement and that a timely claim on the underlying obligation was submitted. NOTE: The U.S. Treasury checks issued in payment of obligations relating to military pay and allowance entitlements ordinarily are not issued in response to claims. Therefore, the payee usually will not have tolled the Barring Act by asserting a claim prior to issuance of the original check. It may, however, 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. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, then the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608, below, for payment procedures.

2. Civilian Pay. Claims of nonpayment for wages 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. NOTE: The U.S. Treasury checks issued in payment of obligations relating to civilian pay entitlements ordinarily are not issued in response to claims. Therefore, the payee usually will not have tolled the Barring Act by asserting a claim prior to issuance of the original check. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, then the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608, below, for payment procedures.

3. Travel Pay. Claims of nonpayment for travel entitlement by members of the Armed Forces or DoD civilian employees must be submitted to the appropriate travel office for determination of entitlement and that a timely claim on the underlying obligation was submitted. NOTE: The U.S. Treasury checks issued in payment of obligations relating to

travel pay entitlements ordinarily are issued in response to claims asserted by claimant submission of travel vouchers. Unlike military and civilian pay cases, the Barring Act's statute of limitation in travel payment cases usually will have been tolled before issuance of the original check when the claimant submitted the travel voucher. If it is determined that the payee has submitted a timely claim and that the payee has not been paid, then the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608, below, for payment procedures.

4. Residual Claim Categories. U.S. Treasury checks also are issued to individuals in satisfaction of miscellaneous Government obligations. For example, legal claims under the Federal Tort Claims Act (28 U.S.C. sections 1346(b), 2671-2680), should be asserted by claimant-payees before the entitlement area within the Military Department with tort claim settlement authority over the claim. Similarly, claims of losses incurred incident to government service may be cognizable under the Military Personnel and Civilian Employees' Claims Act (31 U.S.C. 3721), and should be asserted by claimants before entitlement areas with claim settlement authority, such as the Military Department's judge advocate general. NOTE: The U.S. Treasury checks issued in payment of these types of obligations are issued in response to claims asserted by the claimants. Unlike military and civilian pay cases, the Barring Act's statute of limitation in these 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 that the payee has not been paid, then the claim must be certified and forwarded to the appropriate disbursing office for payment. See paragraph 080608, below, for payment procedures.

B. Claims of Commercial Payees. As used herein, the term "commercial payees" includes vendors, contractors, and any individual under contract for miscellaneous services. Claims of nonpayment from commercial payees or their authorized agents must be submitted by the claimant to the contracting officer. If the contracting officer determines that the commercial payee remains entitled to payment of the contractual obligation, and if a payment voucher is prepared and forwarded with supporting documentation to the disbursing office, then the DO must then determine if a replacement check should be issued based on the criteria in paragraph 080608, below.

080608. Claim Processing Procedures. Upon receipt of an approved claim and certified payment voucher from the appropriate entitlement area, along with appropriate supporting documentation, the DO shall take the actions prescribed below.

A. Verify that the original check was canceled under limited payability.

B. Verify that credit for the check was received from the Department of the 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, then the DO shall prepare and submit an SF 1184 for each check using Stop Reason Code "K" (photocopy), "L" (certified photocopy), or "M" (status) and citing the "Limited Payability Cancellation Replacement Request" in the "For Agency Use" block. This action is

also required to ensure that the check was canceled under mass cancellation before making any recertified payment for an obligation represented by a check dated before October 1, 1989. Stop reason codes, status codes, and message responses are shown in tables 8-1 and 8-2.

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

★ D. Verify that the original check has not previously been replaced by a recertified payment (e.g., was not previously the subject of a claim of nonreceipt, loss or theft).

E. Issue a replacement check upon receipt of an approved claim and certified payment voucher from the entitlement area, provided that the verifications under paragraphs 080608.C and 080608.D confirm that the original check previously has not been replaced. If the above verifications disclose that the original check previously has been replaced, then the DO shall reproduce a copy of the payment voucher on which the replacement was issued and obtain a photocopy of the replacement check from the Department of the Treasury as prescribed in section 0805, above. The copy of the voucher and replacement check must be forwarded to the entitlement element for use in providing notification to the claimant that the claim previously was settled. In order to assure the necessary cross-reference and control over issuance of replacement checks, DOs shall maintain a DD Form 2662 as prescribed in subsection 080503, above. 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, such as consolidation, the disbursing officer supporting the activity that assumed the disbursing and accounting responsibility for the deactivated or closed office is authorized to issue a recertified payment on behalf of the deactivated or closed office. Under no circumstance is any DO authorized to issue a recertified payment for these claims citing a direct charge to the **F3880 account. Recertified payments for the underlying obligations represented by a check canceled under limited payability may be made only from the original appropriation or if no longer available, from a current appropriation available for the same general purpose as the original appropriation, subject to the limitations on its use.

0807 HOLDERS-IN-DUE-COURSE

080701. General. A holder-in-due-course is a person, financial institution, or business other than the original payee who, in good faith, takes possession of a check through endorsement. A holder-in-due-course may be the second, third, fourth, or later holder to whom the check has been transferred by endorsement. A holder-in-due-course has no direct claim against the issuer (issuing DSSN) of a U.S. Treasury check. All DOs, however, shall assist the holder-in-due-course in filing claims as provided in this section.

080702. Exceptions. A check sent to a financial institution for credit to the account of a member, employee, or vendor and made payable to the financial institution does not create a holder-in-due-course relationship. When these checks are lost, stolen, or destroyed, apply the recertified payment procedures in section 0805, above.

080703. Lost-in-Transit Items. When the holder-in-due-course is a financial institution (commercial bank, credit union, savings and loan, etc.), the DO should advise the institution to submit its claim through the nearest FRB as a lost-in-transit item. The DO, however, may accept claims from financial institutions if the holder cannot submit the claim through the FRB.

080704. Processing Claims. Any DO, not just the DO of the DSSN that issued the check, can process a holder-in-due-course claim if all the data needed to complete the SF 1184 is supplied. If all the data is not provided the accepting DO shall submit the holder's claim supported by a signed statement from the payee and/or holder to the disbursing office that issued the check. The issuing disbursing office shall then complete the SF 1184 and forward the completed package to the Department of the Treasury. The disbursing office processing a valid holder-in-due-course claim shall not issue a recertified payment to the holder.

080705. Preparation and Distribution of the SF 1184 for Holder-in-Due-Course

A. Preparation. SFs 1184 for holders-in-due-course cannot be submitted via mechanized systems. In addition to the current version of the SF 1184, there is also a perforated version, which can be adapted for hardware and software applications. The perforated version can be ordered from GSA Supply Distribution Facilities and GSA Supply Centers. The National Stock Number (NSN) for the perforated form is 7540-01-368-7777. Using a typewriter, or local hardware or software applications, complete the following blocks on the SF 1184 and make no other entries.

1. CK. SYM. Enter the DSSN of the disbursing office that issued the check. (Processing DSSN may be different).
2. CK. SERIAL. Enter the serial number of the lost, stolen, or destroyed check.
3. CK. AMOUNT. Enter the exact amount of lost, stolen, or destroyed check.
4. CK. DATE. Enter the date of lost, stolen, or destroyed check.
5. FOR DO USE
 - a. Enter an "X" in the "Request Processed" block.
 - b. Enter the name and DSSN of the preparing DO's activity, post, station, or unit on "DO Activity" line.
 - c. The DO, deputy, or other authorized person shall sign the "Signature" line.

6. FOR AGENCY USE

- a. Type the words "Holder-In-Due-Course".
- b. Type the word "Payee:" and the name and SSN of the payee of the lost, stolen, or destroyed check.
- c. Type the word "Claimant:" and the name and address of the holder making the claim for the check.

7. AGENCY LINE. Type "U.S. Arm", "U.S. Navy", "U.S. Air Force", or "U.S. Marine Corps", as appropriate. Defense agencies other than the Army, Navy, and Air Force shall enter the appropriate agency name based on which Military Service provided the DSSN.

8. SIGNATURE LINE. The DO or a deputy shall sign the SF 1184.

9. LEAVE ALL OTHER FIELDS OF THE SF 1184 BLANK.

B. Distribution. Attach the statements of the payee and the holder to the SF 1184 original copy. Mail the original SF 1184 and statements to: Check Claims Branch, Financial Management Service, Department of the Treasury, 3700 East-West Highway, Hyattsville, MD 20782. File the "Disbursing Office Copy" in the processing DO's retained records. If the processing DSSN is not the DSSN issuing the original check, mail the "Agency Receipt Copy" to the issuing DSSN. Otherwise, destroy the "Agency Receipt Copy" and the "Administrative Agency Copy". See figure 8-8 for a properly completed SF 1184 (Holder-In-Due-Course).

080706. Payment of Claims. The Department of the Treasury will determine the payment status of the original check, advise the holder of the status and the action to be taken, and forward copies of paid checks to the holder. The processing DO shall not issue a recertified payment for any holder-in-due-course claim received and processed through the Department of the Treasury. In addition, when an "Agency Receipt Copy" is received by the disbursing office that issued the check, action shall be taken to ensure that the check issue records for the original check identified on the SF 1184 are flagged or blocked by a clear and unmistakable signal to prevent future cancellation and replacement of the original lost or stolen check.

STOP CODE	MEANING	CONDITIONS FOR USE
A	RECERTIFIED PAYMENT	<ol style="list-style-type: none"> 1. Payee entitled to original check. 2. Payee claims nonreceipt, loss, theft, or mutilation. 3. Check was not endorsed by payee when lost or stolen. 4. DoD is making a second payment by recertified payment. 5. Payment was not a direct deposit/electronic funds transfer check.
D	ENTITLEMENT	The same conditions apply as for Code A above except the agency prefers to recertify the payment after it has been advised of the status of the original payment, or after receiving credit from Treasury on the outstanding check. A recertified payment is not issued until the status of the original check has been determined.
E	DECEASED	<ol style="list-style-type: none"> 1. Payee died before original check issue date. 2. Payee's estate is not entitled to the proceeds of the original check.
F	NONENTITLEMENT	Payee is not entitled to all, or any part of the proceeds of the check.
G	LOST/STOLEN - ENDORSED	<ol style="list-style-type: none"> 1. Payee entitled to proceeds of the check. 2. Check was in payee's possession and had been endorsed before it was lost or stolen.
K	PHOTOCOPY	<ol style="list-style-type: none"> 1. Photocopy needed for administrative purposes. 2. No indication of nonreceipt, loss, theft or that a claim will be involved. 3. This code does not cancel an original check.
L	CERTIFIED PHOTOCOPY	<ol style="list-style-type: none"> 1. Certified photocopy needed to satisfy legal requirements. 2. No indications of nonreceipt, loss, theft, or other evidence that a claim for a check by the payee is involved. 3. This code does not cancel an original check.
M	STATUS	<ol style="list-style-type: none"> 1. Used to determine payment status only, when a photocopy is not required for administrative purposes. 2. This code does not cancel an original check.
R	FOLLOW-UP TO PRE-RECERTIFICATION STOP	<ol style="list-style-type: none"> 1. DO needs information on Request for Stop Payment (Standard Form 1180) submitted prior to recertification procedures (prior to July 27, 1984). 2. This code does not cancel an original check.
U	LEGAL INCAPACITATION	Agency determines payee is no longer legally entitled to the proceeds of the check.

★Table 8-1. Unavailable Check Cancellation Stop Codes

STOP REJECT CODES			
1A	Rejected – symbol missing.	4D	Rejected - UCC/CSI code unauthorized for ALC: Certain stop codes are reserved for special use. If you submit a UCC with a stop code that is not available to the DoD, the UCC will reject.
1B	Rejected – check serial number missing.		
1C	Rejected – check amount missing.		
1D	Rejected – original check date missing.		
1E	Rejected – UCC/CSI reason code missing.	4E	
1F	Rejected – payee ID number missing.	5A	
1H	Rejected – payee name missing.	5B	
1I	Rejected – address missing.	5C	
1J	Rejected – decedent name missing.	5D	
1K	Rejected - date of death missing.	5E	
1L	Rejected – agency location code missing.	6A	
1N	Rejected – amount to be reclaimed missing.	6B	
1O	Rejected – agency output indicator missing.	7A	
2A	Rejected – check description error; resubmit corrected stop.		
3A	Rejected - date of death after check date.	8A	Rejected - no record of check symbol/serial no. (check issue report not submitted, recorded, or rejected).
3C	Rejected – decedent payee wrong/payee.	8B	
4A	Rejected – invalid UCC/CSI.	9A	
4C	Rejected – invalid agency location code.		
PAID STATUS CODES			
11	Paid – photocopy and claim to follow.	15	Paid - certified photocopy to follow. Paid - status. The check has been presented for payment or canceled and only status was requested. Paid - endorsement may prohibit claims action; photocopy and claim to follow. Paid - statute of limitations expired; no photocopy available. The statute of limitations for making an unavailable check cancellation claim has expired. If status is needed, use stop reason code M. Paid - declined check; photo/claim to follow. Paid – ACC credit by DO - no photo available.
13	Paid - DCC reclamation; no photocopy to agency.	16	
14	Paid – photocopy to follow. Subsequently the DO will receive FMS Form 3858 with one of the following messages: 1. Check paid - copy enclosed. 2. Check previously canceled by SF 1184 and proceeds made available to agency. 3. Check previously canceled by available check cancellation. 4. Check canceled pursuant to limited payability. The proceeds were made available to the agency 14 months after the issuance of the check.	17	
		18	
		20	
		21	
LIMITED PAYABILITY STATUS CODES			
25	Paid - no further information available. A copy of the check has been requested under stop codes K or L. The Department of the Treasury is not able to provide copies of checks issued prior to November 7, 1986. Copies of checks issued on or after November 7, 1986 are generally available for 78 months.	26	Limited Payability Mass Cancellation. Check was issued prior to October 1, 1989 and was included in the cancellation of all outstanding checks on November 30, 1990. No further assistance available. Check Previously Canceled By Limited Payability. The check was outstanding after 14 months from its issue date and was canceled.
		27	
OUTSTANDING STATUS CODES			
32	Outstanding – check canceled, agency credited.	34	Outstanding - status.
33	Outstanding – no photocopy.		
PAYMENT EXCEPTION STATUS CODES			
40	Payment Exception - DCC to review and advise.	43	Payment Exception - DCC to review and advise.
41	Payment Exception - DCC to review and advise.	44	
42	Payment Exception - DCC to review and advise.		

★Table 8-2. Daily Advice of Status Codes and Messages

RECERTIFICATION FOLLOW-UP CODES			
50	No SF 1184 in system.	58	Agency account was credited by Document Number _____
51	Follow-up has been presented too soon.		Dated_____.
52	Check has been archived. DO will be further advised and provided an FMS 3858 with status code of 50, 51, 59, 11, 13, 17, 20, or 90.	59	Previous payment was a UCC cancellation.
55	No outstanding status found.		
57	The cancellation credit has not been processed. Agency will be further advised.		
SUBSEQUENT STOP CODES			
53	Rejected – duplicate stop.	63	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy and claim attached. Endorsement may prohibit claims action.
54	Check has been previously canceled.		
61	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy and claim attached.	90	Payment Exception - ODCC to review and advise.
62	Payment Over Cancellation - Reversal of previous agency credit on (date) by SF 1081 (Voucher #). Photocopy used for DCC reclamation on deceased stop.		

★Table 8-2. Daily Advice of Status Codes and Messages
(Continued)

Reason	Time Frame	Remarks
1. DAS states duplicate stop.	Immediately.	
2. DAS states exception category.	No earlier than 60 days from receipt of DAS.	
3. DAS states check paid. a. Photocopy of check and claim form not received. b. Photocopy of check received, no claim form. c. Received claim form without photocopy of check. d. Photocopy of check has different check symbol and serial number from DAS.	No earlier than 30 days from receipt of DAS. Immediately upon receipt of photocopy of check. Immediately upon receipt of claim form. Immediately upon receipt of photocopy of check.	Check items 4, 4a, and 4b of FMS Form 3864. Check items 4 and 4b of FMS Form 3864. Check items 4 and 4a of FMS Form 3864. Return photocopy of check. Check items 4 and 4c of FMS Form 3864.
4. Standard Form 1081 received with a claim document. a. Without photocopy of check. b. Without claim form (not applicable for stop code E when no photocopy of check can be obtained). c. Without a photocopy of check and claim form. d. With wrong photocopy of check.	Immediately upon receipt of Standard Form 1081. Immediately upon receipt of Standard Form 1081. Immediately upon receipt of Standard Form 1081 and claims document. Immediately upon receipt of Standard Form 1081 and claims document.	Check items 5 and 5a of FMS Form 3864. Check items 5 and 5b of FMS Form 3864. Check items 5, 5a, and 5b of FMS Form 3864. Check items 5 and 5c. In item 10, OTHER, state whether the check problem involves a wrong payee or a wrong symbol and serial number. Return the photocopy of the check.
5. The Department of the Treasury has not responded to a claim form.	No earlier than 30 days from submission of the claim form.	Enter the date claim form submitted on FMS Form 3864.
6. Claims disposition notice (CDN) indicates need for investigation or refund from a financial institution, but final CDN not received.	No earlier than 120 days from CDN that states "Pending investigation." No earlier than 180 days from CDN that states "Pending refund from bank."	The Department of the Treasury does not continually follow-up with banks. DO's should follow-up with Department of the Treasury monthly when credit is anticipated.
7. DAS advised outstanding check canceled, credit not received.	No earlier than 21 days from receipt of DAS.	
8. Credit not received as a result of deceased payee when the Department of the Treasury is requesting refund from a financial institution.	No earlier than 180 days from receipt of DAS.	The Department of the Treasury does not continually follow-up with banks. DO's should follow-up with Treasury monthly when credit is anticipated.
9. FMS Form 3864 submitted, no response.	Submit second FMS Form 3864 no earlier than 30 days from date of original FMS Form 3864.	

★Table 8-3. Reason and Time Frame for Submitting FMS Form 3864

(USE APPROPRIATE LETTERHEAD)

May 12, 20XX

MEMORANDUM FOR RECORD

This memorandum certifies that on May 12, 20XX, one hundred and one (101) spoiled U.S. Treasury checks bearing disbursing station symbol number 7834 and serially numbered from 70,006,499 through 70,006,599 (both numbers inclusive), 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 8-1. Sample Certificate of Destruction

RETURNED AND UNDELIVERABLE CHECK/BOND RECORD							
1. DATE RETURNED	2. CHECK/BOND NUMBER	3. CHECK/BOND DATE	4. AMOUNT	5. PAYEE	6. VOUCHER NUMBER	7. DISPOSITION	8. DATE OF DISPOSITION
04/30/20XX	30,179,258	04/22/20XX	\$389.00	Mark C. Baker	123456	Not entitled, check cancelled COV # 1234	05/08/20XX
05/02/20XX	30,178,932	04/18/20XX	\$500.00	William E. Smith	123425	Remailed to new address: 1234 E 36th Street Jones Town, WI 12345	05/07/20XX
05/08/20XX	30,180,230	04/25/20XX	\$1,500.00	Meyer Unlimited, Inc.	123980		

Figure 8-2. Sample DD Form 2658 (Returned and Undeliverable Check/Bond Record)

<small>STANDARD FORM 1098 Revised July 1990 Department of The Treasury 1 TFRM 4-7000 1098-110</small>					
SCHEDULE OF CANCELED OR UNDELIVERED CHECKS					
CANCELED <input checked="" type="checkbox"/>				UNDELIVERED <input type="checkbox"/>	
DEPARTMENT OR ESTABLISHMENT Department of the Army				SCHEDULE NUMBER 123	
BUREAU OR OFFICE Disbursing Office				SHEET NUMBER 1 of 1	
LOCATION Fort Finance, IN 46216				D.O. SYMBOL NO. 0001	
ACCOUNTING PERIOD				AGENCY LOCATION CODE (ALC)	
DATE OF ISSUE	CHECK NUMBER	PAYEE	VOUCHER NUMBER APPLICABLE	AMOUNT	SYMBOL OF APPROPRIATION OR FUND TO BE CREDITED
TOTAL					
The amount of the above check(s) was deposited for credit in the account of the U.S. Treasury, on deposit ticket no.			DATE OF DEPOSIT TICKET 30 Jun 20XX		FORWARDED (Date)
DISBURSING OR ACCOUNTABLE OFFICER C. D. JEFFREY, LTC, FC			DATE 30 Jun 20XX		BY (Name)
					TITLE
<small>NSN 7540-00-634-4287</small>					<small>PREVIOUS EDITION NOT USABLE</small>

Figure 8-3. Sample SF 1098 (Schedule of Canceled or Undelivered Checks)

RECERTIFIED PAYMENT REGISTER															
1. ORIGINAL CHECK				2. SF 1184				3. CREDIT	4. RECERTIFIED PAYMENT			5. CHARGEBACK	6. PAYEE CLAIMS FORGERY; DATE TFS 1133 TO TREAS	7. COLLECTION	
PAYEE SSN	ORIG CHECK NUMBER	CHECK DATE	RETURN DATE	DATE TO TREASURY	DAS STATUS CODE	TFS 3864 FOLLOW UP	TFO REPORT DATE	DOV NO. (SF 1034)	PAYMENT DATE	RECERT RTN DATE	TFO REPORT DATE	SF 1081 DEBIT DATE		RECOUP COLL NUMBER	DATE OF COLL
	b.	d.	f.	a.	c.		a.	a.	c.	e.	a.				
a.	AMOUNT	NUMBER	DESTROY DATE	STOP REASON CODE	RESUBMIT DATE	e.	T/L NO.	CHECK/EFT-TRACE NO.	SF 1081 CREDIT DATE	SF 1098 DATE	T/L NO.	a.	b.	c.	

DD FORM 2662, FEB 2001 PREVIOUS EDITION IS OBSOLETE.

★Figure 8-4. Sample DD Form 2662 (Recertified Payment Register)

STATEMENT OF CLAIMANT REQUESTING RECERTIFIED CHECK		<i>Form Approved</i> OMB No. 0730-0002 Expires Apr 30, 2004	
The public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Service, Directorate for Information Operations and Reports (0730-0002), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.			
PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE ADDRESS OF THE AGENCY WHO PROVIDED THIS FORM.			
PRIVACY ACT STATEMENT			
AUTHORITY: 31 CFR 245.8 PRINCIPAL PURPOSE: To request a recertified check. ROUTINE USE(S): Information is used by the Disbursing Office as the basis for issuing a recertified check and for canceling the original. It is also used to verify how original check was lost, stolen, etc., and to establish a proper mailing address. This information may also be used for other lawful purposes, including law enforcement and litigation. DISCLOSURE: Voluntary; however, if payee does not provide information, a recertified check cannot be issued.			
WARNING: Title 18, Sec 287, US Code: "Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be imprisoned not more than five years and shall be subject to a fine in the amount provided in this title."			
1. PAYEE <i>(Show business name or financial organization, if applicable)</i> Ida M. Jones		2. SSN <i>(or employee identification number)</i> 345-00-6789	
3. CO-PAYEE OR PAYEE TO BE CREDITED IF ITEM 1 IS A FINANCIAL ORGANIZATION			
4. ADDRESS TO WHICH CHECK WAS MAILED <i>(Include 9-digit ZIP Code)</i> 123 Apple Tree Lane New City, FL 12345-0000		5. CORRECT MAILING ADDRESS <i>(if different from Item 4)</i>	
6. PURPOSE FOR WHICH CHECK WAS ISSUED <i>(X as applicable)</i> <input checked="" type="checkbox"/> a. REGULAR PAY <input type="checkbox"/> b. TRAVEL PAY <input type="checkbox"/> c. VENDOR PAY <input type="checkbox"/> d. OTHER <i>(Specify)</i>			7. DATE DUE <i>(Approximate)</i>
8. CHECK WAS: <i>(X as applicable)</i> <input checked="" type="checkbox"/> a. NOT RECEIVED <input type="checkbox"/> b. RECEIVED, BUT WAS: <input type="checkbox"/> (1) LOST <input type="checkbox"/> (2) STOLEN <input type="checkbox"/> (3) DESTROYED <input type="checkbox"/> (4) MUTILATED			
9. WAS CHECK ENDORSED? <i>(x one)</i> <input type="checkbox"/> a. YES <input checked="" type="checkbox"/> b. NO			
CERTIFICATION			
I certify that I (we) have in no way benefited from the proceeds of the above check, and do hereby request a recertified check be issued to me. I further certify that if I recover the original check, I will not negotiate it but will immediately return it to the Disbursing Office. I fully understand that negotiation of both the original and recertified check constitutes a fraudulent act against the United States Government and as such is subject to punishment as provided by law. I further consent to immediate recoupment from future pay and allowances due me if I negotiate both the original and recertified checks, including interest and administrative costs.			
10. SIGNATURE OF PAYEE <i>(Or payee representative)</i>		11. DATE 10/15/XX	12. SIGNATURE OF CO-PAYEE/THIRD PARTY
			13. DATE
FOR DISBURSING OFFICE USE			
14. CHECK DATA			
a. CHECK NUMBER 60990341	b. DATE OF CHECK 9/20/XX	c. CHECK AMOUNT 789.00	d. ISSUING DSSN 5098
		e. VOUCHER NUMBER 399656	
17. DO REMARKS			

DD Form 2660, MAY 2001

PREVIOUS EDITION IS OBSOLETE

★Figure 8-5. Sample DD Form 2660 (Statement of Claimant Requesting Recertified Check)

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS				NSN 7540-00-526-3709	
Standard Form No. 1184 (Rev. 6-84) Prescribed by Dept. of the Treasury 1 TFRM 4-7000 1184-105 Previous Edition Unusable					
UNAVAILABLE CHECK CANCELLATION					
CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.	
5037	14868291	432.81	0812XX	410-86-8447	
LINE CODE	STOP CD.	AGENCY CODE			
3	A	F			
PAYEE NAME					
Sam Davis					
ADDRESS					
1234 Sunset Trail					
Lost Wages, Nevada 54321					
NAME OF DECEDENT					
D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT		
	432.81	57005037	4		
AGENCY REFERENCE					
503700P004567/P005678CK15068123					
FOR AGENCY USE					
Air Force Agency			(Signature)		

**Figure 8-6. Sample SF 1184 (Unavailable Check Cancellation)
(Item Cancellation)**

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS				NSN 7540-00-526-3709	
Standard Form No. 1184 (Rev. 6-84) Prescribed by Dept. of the Treasury 1 TFRM 4-7000 1184-105 Previous Edition Unusable					
UNAVAILABLE CHECK CANCELLATION					
CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.	
LINE CODE	STOP CD.	AGENCY CODE			
PAYEE NAME					
ADDRESS					
Joey E. Lewis, Lt, USAF					
WPAFB/ACFP					
Wright-Patterson AFB, OH 65117					
NAME OF DECEDENT					
D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT		
		5700	4		
AGENCY REFERENCE					
FOR AGENCY USE					
SF 1184 Total: 12					
Batch Control No. 5030092990001					
U.S. Air Force Agency			(Signature)		

**Figure 8-7. Sample SF 1184 (Unavailable Check Cancellation)
(Transmittal Document)**

BGFO - BUREAU OF GOVERNMENT FINANCIAL OPERATIONS				NSN 7540-00-526-3709	
Standard Form No. 1184 (Rev. 6-84) Prescribed by Dept. of the Treasury 1 TFRM 4-7000 1184-105 Previous Edition Unusable					
UNAVAILABLE CHECK CANCELLATION					
CK. SYM	CK. SERIAL	CK. AMOUNT	CK. DATE	AGY./PAYEE ID NO.	
5100	06843111	250.00	1026XX		
LINE CODE	STOP CD.	AGENCY CODE			
PAYEE NAME					
ADDRESS					
NAME OF DECEDENT					
D. OF DEATH	AMT. TO BE RECLAIMED	AGY. LOC. CODE	AGENCY OUTPUT		
AGENCY REFERENCE					
FOR AGENCY USE					
Holder-In-Due-Course					
Payee: John H. O'Hare 559-00-1234					
Claimant: Sunshine Realty Corp. Slew Road Outskirts, OK					
U.S. Marine Corps					
Agency			(Signature)		

**Figure 8-8. Sample SF 1184 (Unavailable Check Cancellation)
(Holder-In-Due-Course)**