

4 FAH-3 H-340 UNITED STATES TREASURY CHECKS

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4 FAH-3 H-341 GENERAL

(TL:FMP-2; 4-30-1995)

This subchapter prescribes requirements and forms for United States Disbursing Officers to requisition, prepare, and issue checks drawn on the U.S. Treasury; report check issue transactions; process spoiled and voided checks; cancel outstanding checks; and process claims for payments of checks not negotiated by payees.

4 FAH-3 H-341.1 Definitions

(TL:FMP-2; 4-30-1995)

Agency Location Code (ALC)—The 8-digit Treasury symbol used to identify reports and documents prepared by or for an accounting station or financial office of the Department.

Available Check—A check which has not been paid by Treasury and is in the possession of the certifying or disbursing office.

Budget Clearing Account 19F3880—A clearing account established by Treasury for recording and adjusting credits and charges from the processing of claims on unavailable checks. ALC administrators are responsible for expeditiously clearing credits and charges in the Treasury account to the proper Department of State account.

Cancellation—The process of rendering a check nonnegotiable after it has been issued and repaying the amount of the check (whether available or unavailable) to an appropriation or fund account.

Check Status Inquiry (CSI)—Department of State inquiry directed to Treasury concerning the payment status or request for a copy of a U.S. Government (USG) check.

Check Symbols—The symbol numbers inscribed on checks, which are the checking account symbol numbers under which USDO's issue

checks.

Chief Disbursing Officer (CDO)—Treasury official who directs disbursing operations performed by Department of the Treasury regional disbursing offices located throughout the United States.

Claimability—The length of time a payee can present a claim of nonreceipt, loss, or theft of a USG check.

Declined Check—Any check presented for payment that Treasury will not honor because of a prior notice of a doubtful question of law or fact.

Due or Entitled—The condition where the entire proceeds of a check are due and payable to a payee or the payee's estate.

Holder-in-Due-Course—An individual who, in good faith, takes possession of a check through endorsement. A claim to payment by a holder-in-due-course will be honored, even if the original payee is not due or entitled to the check.

Limited Payability Cancellation—The process by which Treasury automatically cancels a government check that remains outstanding 12 months after the date of issuance.

Mutilated Check—A check from which large portions are missing. Such check is treated as "unavailable" for cancellation purposes.

Nonreceipt—The payee alleges a check of entitlement was not received and requests a replacement check.

Not Due or Not Entitled—The condition where all or part of the proceeds of a check are not due and payable to the payee or the payee's estate.

Original Check—The initially authorized physical check for which a claim of either nonreceipt, loss, theft, destruction, or mutilation has been received.

Outstanding Status—A check is identified as outstanding when it has been reported as issued in the Treasury's Check Payment and Reconciliation (CP&R) system but has not yet been paid.

Paid Status—A check identified as paid that has been presented to the U.S. Treasury for payment through the banking system.

Payability—The length of time a USG check can be negotiated to a financial institution.

Recertified Payment—A payment of a new numbered (not a substitute) replacement check issued to a recipient based on a claim of nonreceipt, loss, theft, destruction, or mutilation of an original check. Such payments may be vouchered at the disbursing office’s discretion at any point prior to or during the claims process. The check will be issued charging a valid Department of State appropriation.

Recovered Check—A check returned by any means to the possession of a Department of State certifying or disbursing officer after Form SF-1184, Unavailable Check Cancellation, action has been taken.

Regional Disbursing Officer—Department of the Treasury employees who serve as “Directors” of regional offices throughout the United States and are authorized to disburse funds for other government agencies.

Status—The payment status of an issued check, whether outstanding or paid, according to Treasury records.

Unavailable Check—A check not in the possession of a Department of State certifying or disbursing officer.

Unavailable Check Action—The action taken to:

- (1) Determine the payment status of a check on which subsequent action will be based; and
- (2) Initiate retrieval of a check photocopy by the locator information necessary to obtain copies of the check found to have been already paid.

Undelivered Check—A check in the possession of either a Department of State certifying or disbursing officer which has not been delivered to the payee for some reason.

4 FAH-3 H-341.2 Designation for Disbursing

4 FAH-3 H-341.2-1 United States Disbursing Officer (USDO)

(TL:FMP-2; 4-30-1995)

A Department of State employee designated and authorized by the Treasury Department as a United States Disbursing Officer to serve as overseas disbursing agent for the Department and disburse funds for other government agencies.

4 FAH-3 H-341.2-2 Assistant USDO Designation

(TL:FMP-2; 4-30-1995)

- a. An Assistant USDO may be designated and authorized to draw checks on the Department of the Treasury in the name of the USDO for whom the disbursements will be made.
- b. Any USDO having an assistant under his/her jurisdiction is required to notify the Managing Director, Domestic Financial Services (FMP/F/DFS) and the Department of the Treasury (FMS) of the termination or cancellation date of the designation.

4 FAH-3 H-342 CONTROLS, USE, AND FORMS

4 FAH-3 H-342.1 Management Controls

(TL:FMP-2; 4-30-1995)

This section is designed to comply with standards for a system of internal control as required by the Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512(b)) and Competitive Equality Banking Act of 1987, Pub. L 100-86. Control over disbursing and accounting functions as they relate to government check issuance and related activities shall provide for achieving the proper conduct of Department of State business, full accountability for resources made available, and reviews to facilitate checks and balances against waste, fraud or abuse. Operating procedures and management control systems shall reasonably ensure that the following objectives are achieved:

- (1) Appropriate organizational plans must be provided to segregate functional responsibilities;
- (2) Revenues and expenditures applicable to the Department's financial operations shall be properly recorded and accounted for to permit the preparation of reliable financial and statistical reports;
- (3) Sound accounting practices shall be exercised in the performance of duties; and
- (4) Operational responsibilities shall be commensurate with personnel qualifications.

4 FAH-3 H-342.2 Use, Issuance and Negotiability of Treasury Checks

4 FAH-3 H-342.2-1 Use of Treasury Checks

(TL:FMP-2; 4-30-1995)

- a. All disbursements, except those authorized to be made in cash, shall be made by U.S. dollar or foreign currency check. Treasury checks shall be used to pay obligations of the Department of State and serviced agencies; and to purchase U.S. dollars or foreign currency for disbursing purposes. USDO checks will be drawn on the Department of Treasury's General account or on a designated depository.
- b. U.S. Treasury checks are prohibited from being sent to a foreign country from the United States, when it is determined that postal, transportation, or banking facilities do not reasonably ensure that the payee will receive the check or be able to negotiate it for full value.
- c. See 4 FAM 434.5 for the Department's policy on electronic funds transfer (EFT).

4 FAH-3 H-342.2-2 Issuance of Treasury Checks

(TL:FMP-2; 4-30-1995)

- a. Check issue payments shall be made on the basis of a certified voucher or Voucher and Schedule of Payments and carried-out in accordance with the policies established herein. The over-all check issuance process shall be effected through use of management control procedures for financial operations, and must not be reliant on USDO functions or the review and examination of vouchers.
- b. USG checks issued on or after October 1, 1989, carry the legend VOID AFTER 1 YEAR. The legend serves as notice to a payee and endorser of a general limitation on the payment of Government checks. An expired check should be returned by the payee to the disbursing office that authorized the payment.

4 FAH-3 H-342.2-3 Negotiability of Treasury Checks

(TL:FMP-2; 4-30-1995)

All checks drawn on the Treasurer of the United States must be negotiated within 12 months after the date of issue. Unnegotiated USG Checks are canceled 14 months after issue by Treasury. Valid claims against checks canceled by Treasury may be re-submitted for certification and issuance of a check(s).

4 FAH-3 H-343 REQUISITIONING, PREPARING, AND MAINTAINING TREASURY CHECKS

4 FAH-3 H-343.1 Manual Signature Specimens

4 FAH-3 H-343.1-1 USDO Manual Signature

(TL:FMP-2; 4-30-1995)

A newly designated USDO must forward specimens of their manual signature to Treasury, Financial Management Service (FMS) prior to issuing any USG checks. A manual signature must show a reasonably uniform agreement with the standard signatures on file with Treasury. Any USDO who elects to change the form of their signature must submit new specimen signatures to Treasury, FMS.

4 FAH-3 H-343.1-2 Manual Signatures of Assistant Disbursing Officers Checks

(TL:FMP-2; 4-30-1995)

An assistant USDO'S signature must appear below the printed, typed, or stamped title of the USDO for whom they are acting.

4 FAH-3 H-343.2 Facsimile Signatures

4 FAH-3 H-343.2-1 Authority for Use

(TL:FMP-2; 4-30-1995)

Where warranted, a USDO may request authority to use a facsimile signature. The request must be regarded as including an assurance, whether stated or not, that safeguards against unauthorized use of the facsimile signature are provided. In addition, the USDO must submit two certified and twelve plain specimen impressions from each

signature plate for approval to Treasury, FMS. A notice of approval from Treasury must be in the USDO'S possession before any of the facsimile plates are used to sign checks. The plates must be numbered in sequence in the lower left corner beginning with the number "1" unless another system of identification is approved by Treasury. Alternate systems must assure control of the plates.

4 FAH-3 H-343.2-2 Withdrawn from Use

(TL:FMP-2; 4-30-1995)

A plate that is withdrawn from service and is not to be used again must be destroyed in accordance with procedures established by the Managing Director, Domestic Financial Services, Bureau of Financial Management and Policy (FMP/D/DFS). Upon destruction, an executed certificate identifying the specific place and date of destruction must be furnished to (FMP/F/DFS) and to the Department of Treasury, Financial Management Service.

4 FAH-3 H-343.2-3 Internal Controls Over Facsimile Signatures

(TL:FMP-17; 05-05-2003)

- a. Signature dies for machine or hand stamps which have become worn or have been withdrawn from service and which will not be used again must be destroyed at post. Upon destruction, a "Certificate of Destruction:" must be prepared. The certificate must be signed by two American USG employees who witnessed the destruction. An impression of the signature die must be made on the certificate prior to destruction. The original of the certificate shall be sent via registered pouch to the FMP/F/DFS, Room 6604, SA-15. FMP/F/DFS shall be responsible for forwarding one copy of the "Certificate of Destruction" to Treasury, FMS. One copy of the certificate must be retained in the files of the USDO.
- b. In the event a USDO'S service is terminated due to incapacitation or death, his or her successor shall designate two American USG employees to serve as witnesses to the destruction of the predecessor's signature die. The recommended methods of destruction shall include:
 - (1) Grinding the signature off by using a grinding wheel;
 - (2) Pouring rubber solvent on the signature of the die;

- (3) Cutting or slicing the signature off the die with a razor blade or knife and then burning or cutting the signature into smaller pieces; or
- (4) Removing the four screws from the die plate and cutting the combination rubber/brass die plate into smaller pieces.

The destruction shall be sufficient to ensure that the die cannot be used for producing signatures. All signature dies, after being mutilated, shall be disposed of as waste matter.

- c. Refer to 4 FAH-3 H-317.2 for safeguarding facilities for facsimile signature plates; and 4 FAH-3 H-316.1 for mandatory monthly verification requirements.
- d. The discovery of any theft, lost or misuse of facsimile signature plates must be promptly reported to the post management officer. The management officer shall immediately notify the CDO, Bureau of Accounts, Department of the Treasury, via telegram, specifying that a copy of the message be sent to the Office of the Treasurer of the United States. The telegram must cite the post checking account symbol involved and complete details of the theft or loss; and a request that payment be stopped on any USDO checks that may have been compromised.

4 FAH-3 H-343.3 Blank Treasury Checks

4 FAH-3 H-343.3-1 Annual Estimate of Requirements

(TL:FMP-2; 4-30-1995)

Each USDO submits an estimate of the number of blank U.S. Treasury checks required for the next calendar year by April 15. The estimate is submitted by telegram, subject: Annual Estimate of Blank U.S. Treasury Check Requirements for Calendar Year 19XX, Attn: Managing Director, International Financial Services (FMP/F/IFS) including the following:

- (1) Post Checking Account Symbol;
- (2) Number of checks used in each of the three preceding months, i.e. January through March;
- (3) Number of blank checks on hand as of March 31;
- (4) The serial number of the highest numbered blank check on

hand;

- (5) Number of blank checks in transit from Washington to the post, if any; and
- (6) Estimated number of additional blank checks required for the next calendar year. If, at the time the annual estimate is prepared, the USDO foresees the need for additional blank checks for the current calendar year, the number required is included in the telegram as a separate item, with the date by which the post estimates that the supply of checks on hand will be exhausted.

4 FAH-3 H-343.3-2 Supplemental Estimates

(TL:FMP-2; 4-30-1995)

The annual estimate of post requirements for blank U.S. Treasury checks should be sufficient. In the event of unforeseen developments indicating the need for an additional supply of blank checks before the next check shipment is expected, the USDO promptly forwards a supplemental estimate of the additional requirements prepared in the same manner as the annual estimate.

4 FAH-3 H-343.3-3 Shipments of Blank Treasury Checks

(TL:FMP-2; 4-30-1995)

Blank checks furnished in response to the post's annual request will be forwarded by commercial delivery service. FMP/F/IFS will send the USDO a notice of shipment in each case.

4 FAH-3 H-343.3-4 Receipt and Acknowledgment of Shipments of Blank Treasury Checks

(TL:FMP-2; 4-30-1995)

- a. Upon receipt of a shipment of checks, the USDO compares the markings on the unopened packages with the notice of shipment. If no discrepancies are discovered, the receipt coupon provided with the notice is signed and returned to FMP/F/IFS. Any discrepancy noted is reported immediately by telegram to the Chief Disbursing Officer, Treasury. A copy is forwarded in a separate envelope to Attention: Managing Director, FMP/F/IFS.

- b. Packages received at the post in good condition need not be opened for verification of the contents at the time of receipt.
- c. Packages received with broken seals are promptly verified by the USDO and one of the verifying officers designated pursuant to 4 FAH-3 H-316.2-1 a. After verification, the package is closed, resealed, and the inclusive serial numbers of the checks found in the package indicated on the outside of the package over the signatures of the USDO and the verifying officer. Any discrepancies in the check serial numbers (or checking account symbol) disclosed by the verification are reported immediately to the Chief Disbursing Officer, Treasury, and a copy forwarded in a separate envelope to Attention: Managing Director, FMP/F/IFS, who will advise the post of the disposition to be made of checks received in error.

4 FAH-3 H-343.4 Custody and Control of Check Stocks

(TL:FMP-2; 4-30-1995)

USDO's are responsible under the blanket bond for losses arising from the theft or misuse of blank checks; therefore, precautionary measures are prescribed for the custody and control of checks. The following sections must be executed.

4 FAH-3 H-343.4-1 Custody of Check Stocks

(TL:FMP-2; 4-30-1995)

- a. Blank checks must be kept in a combination safe or comparable depository, as prescribed in 4 FAH-3 H-317.
- b. Blank checks must be stored in sealed packages until needed for use. Since checks are used in numerical sequence, only one package should be opened at a time.
- c. Blank checks are withdrawn from stock only by the USDO or the assistant USDO when acting for the USDO.

4 FAH-3 H-343.4-2 Control of Check Stocks

(TL:FMP-2; 4-30-1995)

- a. The USDO must maintain a perpetual inventory record of blank checks which reflects at all times the quantity (including serial

numbers) of checks in stock in sealed packages, and the quantity and serial numbers of unwrapped checks on hand.

- b. The inventory record shall be verified by the USDO each month. Verification shall include a physical inventory of sealed packages and unwrapped checks on hand. The verified checks inventory record must be signed by the USDO after necessary adjustment of any errors.
- c. If at any time after its receipt and initial storage as provided in 4 FAH-3 H-343.3-4 an irregularity, such as a package of checks is found to have a broken seal, the contents indicated on the wrapper must be promptly verified by the USDO and one of the designated verifying officers (see 4 FAH-3 H-311.10-2). Any shortage discovered shall be handled the same as cash differences in 4 FAH-3 H-316.3. After verification, the package must be closed and resealed until a determination of investigation is completed. The inclusive numbers of the enclosed checks must be indicated on the package above the signatures of the USDO and the verifying officer.
- d. Upon a change of USDO, or upon the assumption of responsibility by the assistant USDO for a period expected to exceed 1 month, the two officers jointly verify the blank check inventory record.
- e. The USDO shall maintain the blank check inventory records for authorized inspection at any time.

4 FAH-3 H-343.4-3 Missing Check Stocks

(TL:FMP-17; 05-05-2003)

Any shortage, theft, or misuse of blank checks discovered at any time is promptly reported to the post management officer who immediately notifies the CDO, Bureau of Accounts, Treasury Department, by telegram, specifying that a copy of the message be sent to the Office of the Treasurer of the United States. The telegram shall cite the check numbers and post checking account symbol involved and request that payment be stopped. Complete details of the shortage, theft, or misuse are then reported immediately by airmail letter attached to Form SF-1184, Request for Stop Payment, to the Treasurer of the United States, Check Claims Division, Washington, DC 20226. A copy of the letter is forwarded to the Division of Disbursement, Treasury, and to the Department, Attention: FMP/F/IFS.

4 FAH-3 H-343.5 Inscribing Treasury Checks

(TL:FMP-2; 4-30-1995)

Efficient controls shall be exercised over U.S. Treasury checks while in the process of preparation. The controls must be designed for protection against loss or theft, to prevent the release of imperfect checks and for prompt disclosure of any discrepancy. Inscription machinery shall be selected upon the basis of its capability to draw checks.

4 FAH-3 H-343.6 Signature of USDO

(TL:FMP-2; 4-30-1995)

Each U.S. Treasury check issued by a USDO shall bear either:

- (1) Manual signature;
- (2) Approved facsimile signature; or
- (3) Manual signature of an officially approved assistant USDO.

4 FAH-3 H-343.7 Sale of USG Checks

(TL:FMP-2; 4-30-1995)

A USDO may sell Government checks or drafts at a premium or dispose of the proceeds, only if the premium and proceeds are deposited in the U.S. Treasury, or with a depository to the credit of the Government.

4 FAH-3 H-343.8 Check Enclosures

(TL:FMP-2; 4-30-1995)

USDOs using Treasury disbursing facilities must arrange with Treasury to supply computer program specifications for inclusion of check enclosures. Treasury will generate the specifications that will fully identify the purpose of a payment for which a check is being sent to a payee.

4 FAH-3 H-344 ISSUING TREASURY CHECKS

4 FAH-3 H-344.1 Reporting Requirements

(TL:FMP-2; 4-30-1995)

- a. The Level 8 magnetic tape reporting format must be used by USDOs regardless of monthly volume. The system reconciles check issue and payment data on an item-by-item basis and is accepted directly into the Check Payment and Reconciliation (CP&R) system (refer to Disbursing User's Manual for procedures).
- b. Magnetic tape reels of check issuances (Level 8) supported by a completed TFS Form 3510, magnetic tape control record, and supporting paperwork are forwarded to Treasury along with month end reports.

4 FAH-3 H-344.2 Spoiled and Void Checks

4 FAH-3 H-344.2-1 Spoiled Checks

(TL:FMP-2; 4-30-1995)

A check which is spoiled for any reason before or after release by the disbursing office must be replaced by a control check, which is neither preprinted nor prepunched by serial number. USDOs must use the original check serial number on the control check and verify that it is correct. Checks spoiled during start-up preparation and replaced by control checks must be defaced and forwarded to Treasury with a consolidated Form SF-1179, Month End Check Issue Summary, at the end of the issue month. Control numbers must be used for blank check stock auditing and should not be reported on magnetic tape.

4 FAH-3 H-344.2-2 Void Checks

(TL:FMP-2; 4-30-1995)

- a. Checks which are voided for any reason by the USDO and not replaced by a control check (i.e., processed as a spoiled check) will be considered void. All voided checks must be rendered nonnegotiable by placing the legend "VOID—NOT NEGOTIABLE, NO CHECK ISSUED UNDER THIS NUMBER" on the face of the checks.

- b. The voided checks must be defaced and listed according to symbol and "from and to" serial numbers. The listing of voided checks must be sent to Treasury with Form SF-1179 accompanying each tape shipment at the end of the issue month.

4 FAH-3 H-345 ENDORSEMENT AND PAYMENT OF CHECKS

(TL:FMP-2; 4-30-1995)

The Department of Treasury has the right of reasonable time for examination of drawee checks presented, to refuse payment of refer doubtful claims against checks to the General Accounting Office for settlement. Checks are deemed to be paid by Treasury only after the first fully completed examination.

4 FAH-3 H-345.1 Endorsements

4 FAH-3 H-345.1-1 U.S. Government Payee Endorsements

(TL:FMP-2; 4-30-1995)

Effective September 1, 1988, the Federal Reserve Board regulated the following check endorsement standards.

- (1) Specific information must be included on stamps used on the back of all checks deposited by Cashiers. For example;

PAY ANY BANK
USDO Symbol—
Cashier Code Symbol
Embassy Name
Bank Name of Treasury General A/C;
- (2) Payees depositing checks with Federal Reserve Banks or commercial depositories must utilize the endorsement area located 1.5 inches beginning at the trailing edge of the check; and
- (3) The depository bank will place its endorsement in the area beginning 3.0 inches from the leading edge and ending 1.5 inches from the trailing edge of the check.

4 FAH-3 H-345.1-2 Acceptable Endorsement

(TL:FMP-2; 4-30-1995)

- a. The only acceptable endorsement of a check by one other than the payee is that the person endorsing is doing so on behalf of the named payee. Such an endorsement shall include the signature of the endorser with sufficient wording indicating that the endorsement is on behalf of the named payee.
- b. Checks endorsed for "collection" or "deposit only" to the credit of the named payee are acceptable without any signature. In the absence of a signature, the presenting bank will be responsible for the guarantee of such checks to all subsequent endorsers and to the Treasury.

4 FAH-3 H-345.1-3 Unacceptable Endorsement

(TL:FMP-2; 4-30-1995)

Endorsements by other than the payee signature, regardless of the relationship between the payee and endorser, shall be presumed to be a forgery and is unacceptable for payment by Treasury. It is the responsibility of the individual or institution accepting a check from a person other than the named payee to determine that such person is authorized and has the capacity to endorse and negotiate the check. Evidence on the basis for such a determination may be required by Treasury in the event of a dispute.

4 FAH-3 H-345.1-4 Endorsement by Financial Institutions

(TL:FMP-2; 4-30-1995)

- a. U.S. Treasury checks endorsed by a payee and received by a financial institution for credit to a specific account may be endorsed "CREDIT TO THE ACCOUNT OF THE WITHIN-NAMED PAYEE."
- b. Financial institutions receiving and endorsing checks shall comply with the established Federal Reserve Board standards for endorsement during the collection and return process (see 4 FAH-3 H-345.1-1).

4 FAH-3 H-345.2 Checks Issued to Incompetent, Deceased or Minor Payees

4 FAH-3 H-345.2-1 Checks Issued to Incompetent Payees

(TL:FMP-2; 4-30-1995)

U.S. Treasury checks endorsed by legal guardians for persons declared incompetent shall include a statement as to the capacity in which they are endorsing the check. The checks will be paid by Treasury without submission of documentary proof of authority. Evidence of such claimed authority to endorse may be required by Treasury in the event of a dispute.

4 FAH-3 H-345.2-2 Checks Issued to Deceased Payees

(TL:FMP-2; 4-30-1995)

- a. The right to payment of Treasury checks does not terminate with the death of a payee when endorsed by an executor or administrator. An indication of the capacity in which the executor or administrator is endorsing shall be included as part of the endorsement.
- b. Treasury checks other than those issued in payment for redemption of currencies, principal, or interest on U.S. securities, tax refunds and for goods and services may not be negotiated after the death of the payee. The checks are to be returned to the issuing disbursing office. A determination must be made whether payment is due and to whom it may be made.

4 FAH-3 H-345.2-3 Checks Issued to Minor Payees

(TL:FMP-2; 4-30-1995)

Checks issued to minors may be endorsed by either parent with whom the minor resides; or, if the minor does not reside with either parent, by the person who furnishes his chief support. The person endorsing on behalf of the minor shall present with the check, a signed statement indicating the minor's age, residence, means of chief support and that proceeds of the check will be used for the minor's benefit.

4 FAH-3 H-345.3 Power of Attorney

(TL:FMP-2; 4-30-1995)

U.S. Treasury checks endorsed by an attorney-in-fact shall include, as part of the endorsement, proof or indication to which the attorney is endorsing. The checks will be paid by Treasury without the submission of documentation of the claimed authority, with the understanding that evidence may be required in the event of a dispute.

4 FAH-3 H-345.4 Guaranty of Endorsements

(TL:FMP-2; 4-30-1995)

The bank and the endorser of a check presented to Treasury for payment shall guarantee that all endorsements are genuine. When the first endorsement on the check has been made by one other than the payee, the presenting bank and the endorser must guarantee to Treasury that the endorsing person had authority to do so on behalf of the payee.

4 FAH-3 H-346 LIMITED PAYABILITY OF GOVERNMENT CHECKS

4 FAH-3 H-346.1 Limited Payability Proceeds

(TL:FMP-2; 4-30-1995)

- a. Payees of U.S. Treasury checks have 1 year from the date of issue to negotiate the check. Government checks that remain uncashed after 12 months are voided by Treasury and legally cannot be negotiated by a financial institution. Treasury will automatically cancel all limited payability checks 14 months after the issuance date.
- b. The proceeds realized from worldwide limited payability cancellations are placed in the budget clearing account F3880, (Unavailable Check Cancellations and Overpayments) and returned monthly by Treasury, FMS via "GOALS" to the Office of the Managing Director, FMP/F/DFS.
- c. FMP/F/DFS shall maintain strict management controls and accountability over limited payability proceeds. Managerial controls

shall include reviews, reconciliations, and the dissemination of transactions by Agency Location Code (ALC) and checking account symbol. Transactions are forwarded to each benefiting disbursing operation for processing.

4 FAH-3 H-346.2 Processing Limited Payability Transactions

(TL:FMP-2; 4-30-1995)

- a. Within 30 days after receipt, benefiting disbursing operations must identify and classify detailed transactions (credits). Limited payability transactions are returned to the original appropriation and/or allotment from which made. A subsequent reversing entry must be made to the budget clearing account F3880.
- b. Transactions (credits) which cannot immediately be identified shall remain in the appropriate budget clearing account identified by ALC or checking account symbol.
- c. Transactions which constitute valid liabilities shall be treated as accounts payable. Transactions identified as invalid liabilities such as a duplicate payment shall be deobligated immediately, and funds made available to the applicable appropriation or returned to surplus under normal year-end procedures.
- d. Transactions identified as valid liabilities and a claim not presented within 5 years from the date of a check will be returned to Treasury through Form TFS-2108, Year-end Closing Statement. Claims presented after the funds have been returned must be restored through the normal restoration process.
- e. The validity of an available or unavailable check claim by a payee shall be exercised through examination of the payment records to determine whether an earlier claim or check cancellation was processed. When examination of the records is inconclusive, a request for Treasury check status inquiry shall be used to support payment or nonpayment of cancellation claims.

4 FAH-3 H-346.3 Management Controls

(TL:FMP-2; 4-30-1995)

- a. Accounting managers shall determine the efficiency and effectiveness with which proceeds from limited payability check

cancellations are applied to appropriated and nonappropriated funds, and payee claims are processed against the proceeds. Findings shall be appraised and utilized for the purpose of refining and improving procedures or internal control features of limited payability and claimability of U.S. Treasury check procedures.

- b. Managers of the controlling budget clearing account(s) F3880 are responsible for an ongoing transaction analysis to determine the status of limited payability proceeds. Action shall be initiated to clear balances that have been held in the accounts for more than 1 year. Unidentified limited payability transactions (credits) which remain in the budget clearing account F3880 for more than one year shall be transferred to Treasury account 20X6133, Payment of Unclaimed Moneys.

4 FAH-3 H-346.4 Treasury Charges

(TL:FMP-2; 4-30-1995)

- a. The Department's ALCs will be charged by Treasury for:
 - (1) Copy/information retrieval;
 - (2) Computer processing activities related to archiving and retrieval;
 - (3) A percentage of the overall check payments and reconciliation processing;
 - (4) microfilm production;
 - (5) postage fees; and
 - (6) record storage.

Anticipated costs will be determined and billed via "GOALS" by Treasury at the end of each fiscal year, and the costs will be based on the volume of requests.

- b. Costs for record storage charges must be billed on a fiscal year basis. Copy retrieval costs must be billed quarterly. Charges for copy requests must be re-evaluated at the end of the third-quarter of each fiscal year and will be based on the number of requests processed during the current fiscal year. Treasury will advise the Department on the copy request charge for the following fiscal year with the third-quarter billing statement.

4 FAH-3 H-346.5 Forgery and Fraud

4 FAH-3 H-346.5-1 Forgery and Fraud Referral

(TL:FMP-2; 4-30-1995)

- a. The United States Secret Service will perform an investigation on a case-by-case basis when forgery or fraud is indicated. A single case referral must total more than \$25,000 in forged or fraudulent issued checks. Cases which cannot be handled according to TFM Section 8070 may be referred by a USDO to the Secret Service, 1800 G Street, NW, Washington, DC 20223, for investigation.
- b. Valid claims or replacement checks are paid in accordance with TFM 8070.

4 FAH-3 H-346.5-2 Check Forgery Insurance Fund

(TL:FMP-2; 4-30-1995)

- a. The Department of the Treasury, in accordance with TFM 8070, shall pay from the "Check Forgery Insurance Fund" to a payee of a check drawn on the Treasury, the amount of the check without interest if:
 - (1) The check was lost or stolen through no fault of the payee;
 - (2) The check was negotiated and paid by Treasury on a forged endorsement;
 - (3) The payee was not involved in any part of the proceeds of the check negotiation or payment; or
 - (4) Recovery from the forger is unsuccessful.
- b. Treasury is responsible for depositing to the credit of the "Check Forgery Insurance Fund" any amount recovered from a forger.

4 FAH-3 H-346.5-3 Limitation on Reclamation Actions and Claims (Fraud)

(TL:FMP-2; 4-30-1995)

- a. U.S. Treasury checks paid over a forged or unauthorized endorsement may be reclaimed from the presenting bank or any other endorser that has breached its guarantee prior to:

- (1) The end of the 1-year period beginning on the date of payment; or
 - (2) The expiration of the 180-day period beginning on the close of the 1-year period.
- b. The Comptroller General may bring a civil action to enforce the liability of an endorser, transferor, depository or fiscal agent on a forged or unauthorized signature or endorsement on, or a change in, a check issued by Treasury or any disbursing official or agent not later than 1 year after presentation to the drawee for payment.
- c. If the Comptroller General has been given a written notification of a claim against an endorser, the 1-year period for bringing a civil action on that claim is extended to 3 years.

4 FAH-3 H-346.5-4 Processing Government Checks

(TL:FMP-2; 4-30-1995)

- a. Federal Reserve Banks may cash Treasury checks drawn on the order of USDOs. USDO checks are not refused for payment unless they have been altered or forged.
- b. Each Federal Reserve Bank will charge the amount of checks cashed to the account of the Treasury. Any check that Treasury refuses to pay will be photocopied and returned to the Federal Reserve Bank. A reversal of the previously charged amount shall be credited to Treasury's account for the refused payment.
- c. Banks located outside of the United States which are designated as depositaries and permitted to charge checks to Treasury's General Account are governed by operating instructions contained in a letter of authorization issued by the Department of the Treasury. Depositaries are responsible for assuming the obligation of presenting banks.

4 FAH-3 H-346.5-5 Collection for Unauthorized Endorsements

(TL:FMP-2; 4-30-1995)

- a. A check paid by Treasury and later found to bear an unauthorized endorsement shall be refunded by the presenting bank. Treasury shall have the right to recover interest and other applicable charges such as administrative collection costs and late payment penalties

that may be authorized or required by law.

- b. Treasury will issue an initial demand for refund of the amount of a check payment by sending a "Request for Refund Reclamation" to the presenting bank. The "request" will advise the presenting bank of the amount and the reason for the demand.
- c. A protest of Treasury's demand for refund, by the presenting bank, must be received in Treasury no later than 90 days after the reclamation date. Collection action will be delayed while the protest is being considered. If Treasury accepts the protest, the presenting bank shall be notified in writing that efforts to collect the item and any accrued interest have been abandoned.
- d. Presenting banks will be notified in writing, of insufficient evidence in the protest. Treasury requires the presenting bank to bear liability for the amount of the demand. If the demanded amount is not paid by the presenting bank within 30 days of the date of decision, Treasury will proceed to collect the amount owed by offset.
- e. Treasury will promptly refund any amount offset to a banking institution when it has been determined that the bank was not liable for an unauthorized endorsement.

4 FAH-3 H-347 CANCELING, DEPOSITING AND CLAIMS FOR GOVERNMENT CHECKS

4 FAH-3 H-347.1 Cancellation of Checks

4 FAH-3 H-347.1-1 Cancellation of Available Checks

(TL:FMP-2; 4-30-1995)

- a. All available checks whether due or not due the payee or the payee's estate, shall automatically be canceled by the USDO within 24 hours of receipt. The exception are those checks defined as "Spoiled."
- b. The following legend should be inscribed on the face of the check(s) to be canceled: "NOT NEGOTIABLE—For payment and credit in the U.S. Treasury Account, Checking Account Symbol XXXX."
- c. Available checks which are in the possession of a USDO shall be

canceled within 24 hours of receipt. Form SF-1098, Schedule of Canceled or Undelivered Checks, will be used to initiate the cancellation. The checks must accompany Form SF-1098, and should be listed in numerical order on the form. USDOs will show their 4-digit checking account symbol in the space provided on Form SF-1098. The reason for cancellation should be noted on the related vouchers or payment records. USDOs will, upon request, furnish GAO with the details as may be required in the audit of the Department's accounts.

4 FAH-3 H-347.1-2 Cancellation of Unavailable Checks

(TL:FMP-2; 4-30-1995)

- a. USDOs will take immediate steps to stop payment by means of Form SF-1184, Unavailable Check Cancellation, on any check that has been issued but is unavailable when it is learned that the payee or payee's estate is not entitled to all, or part of the proceeds of the check. The USDO must ascertain the disposition of the check and issue a notice to the payee or payee's estate that such checks are not to be negotiated but returned to the USDO for proper handling
- b. For overseas, unavailable check cancellations are consolidated in Washington and an automated Form SF-1184 is submitted weekly by FMP/F/IFS to Treasury on magnetic tape. Each disbursing operation in Washington prepares an automated Form SF-1184 which is submitted weekly to Treasury on magnetic tape.
- c. A valid claim against any part of the proceeds owed a payee or payee's estate may be rescheduled and a new check issued. A copy of any check paid prior to the recording of the stop payment, will be forwarded to the USDO by Treasury.
- d. The following steps will be taken when checks are presented for payment after the request for stop payment has been received and the "stop" entered by Treasury:
 - (1) Treasury will decline payment if the payee is deceased; and
 - (2) If it becomes necessary that Treasury honor a claim of a holder-in-due course, the check will be paid and the credit that was allowed when the check was previously treated as canceled will be reversed by means of Form SF-5515, Debit Voucher.

4 FAH-3 H-347.1-3 Checks Which Are Not for Cancellation

(TL:FMP-2; 4-30-1995)

Uncashed checks drawn for cash or advances to cashiers and are determined unnecessary, shall not be canceled. The checks will be endorsed by the cashier or USDO and deposited as cash collections for credit to the appropriate account.

4 FAH-3 H-347.2 Nonreceipt or Loss

(TL:FMP-2; 4-30-1995)

A payee of nonreceipt, loss, or a mutilated check drawn on the Treasury will immediately notify the USDO or FMC and request that payment be stopped. If the check is determined to be outstanding, the claimant will be issued a substitute check.

4 FAH-3 H-347.2-1 Substitute checks

(TL:FMP-2; 4-30-1995)

- a. A substitute check issued in lieu of lost, stolen, or mutilation must not be canceled and deposited as the original check. A substitute check which is returned because the original has been reported recovered by the payee should be stamped with the legend "NOT NEGOTIABLE—ORIGINAL RECOVERED" and together with any correspondence are forwarded for removal of stop payment on the original check to the CDO, Treasury.
- b. Substitute checks returned to Treasury for reasons other than the recovery of the original check by the payee will be stamped with the legend "NOT NEGOTIATED—UNDELIVERED." This group of substitute checks should be separately packaged, from those being forwarded for the purpose of removing stop payment on the original checks, and sent to the CDO, Department of the Treasury.

4 FAH-3 H-347.2-2 Recovered Checks

(TL:FMP-2; 4-30-1995)

- a. Checks recovered subsequent to treatment as unavailable cancellations or returned to the possession of the USDO succeeding submission of "Unavailable Check Cancellation" shall not be

canceled, deposited or released to the payee.

- b. Checks for which Form SF-1184 was previously submitted, are to be stamped "NONNEGOTIABLE, PREVIOUSLY TREATED AS CANCELED." The date of the previous Form SF-1184 must be forwarded to Treasury along with the checks.

4 FAH-3 H-347.2-3 Request for Stop Payment

(TL:FMP-2; 4-30-1995)

The USDO must prepare and submit SF-1184, for the purpose of placing stoppage of payment when a claim of nonreceipt, loss, theft, destruction, or mutilation of a check is received. Payee claims and any photocopies are submitted through the disbursing office which issued the check(s) for preparation of Form SF-1184, unless stops are being requested by means of magnetic tape. Attempts to cancel checks must not be made by wire, telephone, or letter in advance of the submission of Form SF-1184.

4 FAH-3 H-347.2-4 Request for Removal of Stop Payment

(TL:FMP-2; 4-30-1995)

- a. The USDO must prepare and submit SF-1184, or stamp correspondence received from a payee or claimant with a legend containing:
 - (1) Request for removal of stop payment;
 - (2) Date of stop request;
 - (3) Check symbol number;
 - (4) Check serial number; and
 - (5) Signature of the USDO.
- b. Removal of stop payment may be requested when:
 - (1) Evidence has been received that a check on which stop payment was requested has been received or recovered; or
 - (2) A check is being remailed.

4 FAH-3 H-347.3 Depositing, Accounting and Reporting for Canceled Checks Proceeds

4 FAH-3 H-347.3-1 Depositing Canceled Checks

(TL:FMP-2; 4-30-1995)

- a. Each tape containing canceled check information must be accompanied by Form SF-215, Deposit Ticket. Checks that are canceled through the submission of magnetic tape will be stamped "NOT NEGOTIABLE—FOR PAYMENT AND CREDIT IN U.S. TREASURY ACCOUNT" and retained until they are reconciled by Treasury.
- b. With the exception of canceling miscellaneous payment checks for which the USDO has requested immediate credit, checks may be held for deposit until the close of the current accounting month. The checks held may be transmitted to the depository covered by one deposit ticket. The deposit ticket must have a confirmed date no later than the last work day of the month. Deposits shall be made in advance of the close of the month to facilitate their being taken into accounts in the same month as the deposit. Canceled miscellaneous payment checks issued by Treasury must be deposited at the earliest date a workable volume is on hand, but not prior to the issue date of the checks. Check cancellations for which immediate credit has been requested must be deposited immediately.

4 FAH-3 H-347.3-2 Accounting and Reporting for Canceled Checks

(TL:FMP-2; 4-30-1995)

- a. Accounting transactions for canceled checks associated with Washington-held allotment programs must be reported as reductions in disbursements on the monthly Form SF-224, Statement of Transactions (Classified According To Appropriation, Fund and Receipt Account, and Related Control Totals). Treasury control totals disbursements report, will be reduced by the amount of the deposits.
- b. The USDO will report applicable transactions as confirmed deposits on Form SF-1218, Statement of Accountability (Foreign Service Account) and as reductions in disbursements on Form SF-1221, Statement of Transactions According To Appropriations, Funds, and Receipt Accounts (Foreign Service Account). Refer to disbursing

user's manual for operating procedures.

4 FAH-3 H-347.3-3 Proceeds from Canceled Checks

(TL:FMP-2; 4-30-1995)

- a. Canceled check proceeds will be returned to the account originally charged or the appropriate successor account. A check related to annual, multi-year and no-year appropriations will be treated as an account payable. An invalid liability would be available to the account or returned to surplus under normal year-end procedures. Proceeds from a check which constitute a valid liability, but a claim has not been presented within 5 years from the date of issue, must be returned to Treasury through Form TSF-2108, Year-end Closing Statement. Funds must be restored through the restoration process when a claim is placed after the proceeds of a check are returned.
- b. The Department shall be responsible for initiating action to clear balances that have been held in uninvested trust, revolving and deposit fund accounts for more than 1 year for transfer to account 20X6133. Such balances must meet all four of the following criteria:
 - (1) Amount is \$25.00 or more;
 - (2) A refund upon claim would be justified;
 - (3) There is no doubt as to the legal ownership of the funds; and
 - (4) A named individual, business, or other entity can be identified with the item.
- c. Invested accounts will retain funds from canceled checks on their books. All records necessary to recertify any payment on an obligation represented by a canceled check must be retained by the disbursing office.
- d. Proceeds returned due to check cancellation may not be used to create new obligations except where the liability is determined not valid. The use of the funds must be in strict compliance with laws governing appropriated funds.

4 FAH-3 H-348 UNDELIVERED U.S. TREASURY CHECKS

(TL:FMP-2; 4-30-1995)

The following procedures are to be followed when the Department is granted a waiver to cancel undelivered checks and will:

- (1) Facilitate the safekeeping of the checks;
- (2) Place the amounts of the checks under appropriate accounting control at the earliest practicable date; and
- (3) Eliminate the checks as continuing payables in USDO accounts.

4 FAH-3 H-348.1 Request for Waiver

4 FAH-3 H-348.1-1 Safekeeping Undelivered Checks

(TL:FMP-2; 4-30-1995)

Each disbursing operation shall prescribe procedures to be observed for the safekeeping of checks returned as undelivered. Checks must be kept in a locked combination safe while in the custody of the USDO.

4 FAH-3 H-348.1-2 Time Limit for Holding Undelivered Checks

(TL:FMP-2; 4-30-1995)

- a. Undelivered checks may be held a maximum of 6 months after the month of issue. An earlier disposition is operationally beneficial to the USDO and Treasury for check payment and checking account reconciliation. Undelivered checks should be deposited as soon as practicable. Deposits must be made in time to be confirmed and recorded in the same accounting month that the disbursing activity is to be reported. Undelivered checks for which no action has been taken to authorize disposition within the time limit will be deposited by Treasury, for credit to the Department's 8-digit ALC or 4-digit checking account symbol.
- b. Undelivered checks returned to Treasury without a claim, will be forwarded within 5 days after receipt to the appropriate USDO for disposition. The benefiting USDO should determine whether the

proceeds of the check are due or not due the payee or the payee's estate.

4 FAH-3 H-348.2 Schedule of Canceled or Undelivered Checks

(TL:FMP-2; 4-30-1995)

- a. Form SF-1098 must be used to schedule canceled or undelivered checks, the proceeds of which are due and payable to the payee or payee's estate. The proceeds must be credited to the appropriation or fund account from which they were originally certified. If the account cannot be determined, the credit should be made to F3875 "Budgetary Clearing and Suspense Account" until the determination can be made.
- b. Liability will be established immediately in the accounting records for the amount of all undelivered checks credited in order to provide for the possible subsequent payment to the payees or their estates upon claim for the proceeds. This liability represents an unpaid obligation. Either Form SF-1098 or the regular formal documentation may be used to establish the obligation and payable in the accounts.

4 FAH-3 H-348.3 Undelivered Check Claims

4 FAH-3 H-348.3-1 Claims for Undelivered Checks Not Automatically Canceled

(TL:FMP-2; 4-30-1995)

Undelivered checks which are returned to the USDO or Treasury, and are determined to be due and payable to the payee, or the payee's estate or guardian, are subject to claims for their proceeds. Claims may be received prior to the return of the check, with the returned check, while the check is being held by the USDO, or at any future date.

4 FAH-3 H-348.3-2 Claims for Proceeds of Undelivered Checks

(TL:FMP-2; 4-30-1995)

Valid claims for the proceeds of undelivered checks which have been

credited to the Department's accounts must be recertified for payment.

4 FAH-3 H-348.3-3 Claims Involving Deceased or Incompetent Payees

(TL:FMP-2; 4-30-1995)

- a. Undelivered checks submitted to a disbursing office in connection with a claim for the proceeds which are due a deceased payee or an estate, or an incompetent individual, must be scheduled for deposit and applied as a credit to the appropriation or fund account originally charged; and at the same time, establishing a liability for payment.
- b. Claims involving deceased civilian or military personnel of the Government and deceased or incompetent public creditors as well as claims involving doubtful questions of law or fact must be settled by the U.S. General Accounting Office.

4 FAH-3 H-348.4 Vouchering Claims for Proceeds of Undelivered Checks

(TL:FMP-2; 4-30-1995)

In processing claims for the proceeds of undelivered checks which have been credited to Departmental accounts, the payment must be supported by a regular disbursement voucher signed by an authorized certifying officer.

4 FAH-3 H-349 RECORD OF CHECKS DEPOSITED

4 FAH-3 H-349.1 Endorsement and Legend

4 FAH-3 H-349.1-1 Depositor's Endorsement on Checks Deposited

(TL:FMP-2; 4-30-1995)

- a. Endorsements by depositors of checks, including checks drawn to the order of Treasury, for deposit with the Federal Reserve banks

and general depositaries for credit in the account of Treasury should include:

- (1) The USDO checking account symbol number, or the Agency Location Code (ALC);
 - (2) The words, "FOR CREDIT TO THE U.S. TREASURY"; and
 - (3) The date of endorsement.
- b. Depositors must show in the endorsement on checks the same ALC as shown on Form SF-215.
- c. When depositors can determine from other records the date each check is deposited, the date in the endorsement may be eliminated. Such endorsement in form or content changes, for any reason, must first be approved by Treasury.

4 FAH-3 H-349.1-2 Legend Placed on Checks Scheduled for Deposit

(TL:FMP-2; 4-30-1995)

The face of each undelivered check scheduled for deposit will be stamped "NOT NEGOTIABLE" before any action is taken to deposit the checks.

4 FAH-3 H-349.2 Check Deposits

4 FAH-3 H-349.2-1 Federal Reserve Bank Deposits

(TL:FMP-2; 4-30-1995)

- a. Checks deposited with a Federal Reserve Bank need not be sorted, but must be accompanied by an adding machine tape or other listing showing the item amounts and deposit total. The Federal Reserve Bank will credit Treasury's General Account on the date of the deposit if the items are received early enough to be processed that day. Department of State depositors must establish a schedule allowing the deposits to reach the Federal Reserve Banks before the daily deadline for Government agency deposits.
- b. Treasury checks exceeding \$5,000 must be deposited with the nearest Federal Reserve Bank. Form SF-215 must be prepared and transmitted with the checks.

4 FAH-3 H-349.2-2 Depositing Canceled Available and Undelivered Checks

(TL:FMP-2; 4-30-1995)

Available and undelivered U.S. Treasury checks which have been scheduled for cancellation or deposit on Form SF-1098 are classified as repayments and should not be included in deposits of other classes of collection items.