

**Vol 1 - Part 4 - Chapter 8000**  
**DESIGNATED DEPOSITARY CHECKING ACCOUNTS**

**Section 8010 – INTRODUCTION**

**8010.10 – Scope**

This chapter prescribes the procedures to be followed by disbursing offices of the U.S. Government (including Government cashiers who have been authorized to maintain a checking account) in reporting the transactions in checking accounts maintained with designated depositaries, either in U.S. dollars or in foreign currencies, and other related matters concerning checks drawn on such accounts. The designation of the depositaries to be used by disbursing offices of the United States is a responsibility of the Secretary of the Treasury.

Regulations governing the designation of depositaries and financial agents of the Government, and their authorization to accept deposits of public money and to perform other services, are contained in Treasury Department Circular No. 176.

**8010.20 – Definitions**

**8010.20a - Designated Depository**

This term means a United States or foreign commercial bank or banking institution which has been designated by the Secretary of the Treasury as an official depository to hold U.S. Government funds for the account of the United States.

**8010.20b - Designated Depository Account**

This term refers to the checking account maintained with the designated depository by a U.S. Government disbursing office, military or civilian.

**8010.20c - Designated Depository Check**

This term relates to a check drawn on the designated depository payable from the designated depository checking account.

**8010.20d - Confirmed Deposit**

This term identifies a deposit transaction evidenced by a bank deposit ticket, slip, or other

deposit receipt form which has been officially receipted by the designated depository showing the date on which the deposit will be credited to the designated depository checking account.

### **8010.20e - Uncurrent Designated Depository Check**

This term refers to a check drawn on the designated depository which is unpaid and outstanding against the designated depository checking account for at least one full fiscal year after the fiscal year in which the check was issued, except where the laws provide that the negotiable period of a check is shorter.

### **8010.20f - Current Designated Depository Check**

This term relates to a check unpaid and outstanding against the designated depository checking account for any time less than one full fiscal year after the fiscal year in which the check was issued.

## **Section 8020 – CHECKS, CHECK ISSUE RECORDS, AND DEPOSIT INFORMATION**

### **8020.10 – General**

Each disbursing office or authorized cashier drawing checks on U.S. Government funds, except registry funds of U.S. courts, held in designated depositories shall prepare a statement on SF 1149 "Statement of Designated Depository Account" of all transactions in each separate depository account for the preceding monthly accounting period. The SF 1149 statement will be forwarded within ten days after receipt of the bank statement as prescribed in I TFM 4-8020.30. Such statements shall reflect prior and current month balances, deposits, checks drawn, adjustments, deposits in transit, and a reconciliation of the balance reported by the depository.

### **8020.20 - SF 1149 "Statement of Designated Depository Account"**

This form will be used by disbursing offices or authorized cashiers for reporting transactions pertaining to such official checking accounts. An explanation of the items to be reported on the form and the supporting documentation required is described on the reverse side of the form.

### **8020.30 - Distribution of SF 1149**

SF 1149 will be prepared by the disbursing office for distribution as follows:

- Original. The original will be forwarded, together with the bank statement and paid checks, to the location identified in the instructions of the Department of the Treasury (Treasury), applicable to civil departments and agencies for whom the disbursing is performed under Executive Order 6166; to the Department of Defense for the military departments; or to other disbursing agencies.
- Copy No. 1. This copy will be forwarded to the administrative or accounting office of the disbursing office as may be required by agency internal procedures.
- Copy No. 2. This copy will be retained by the disbursing office for the accounting record files. (Additional copies may be prepared if administratively required.)

### **8020.40 - Preparation of Check Lists**

Depending upon the type of check used, i.e., paper or card form check, the following requirements will apply:

- Paper Checks. While the submission of carbon copies of paper form checks to serve as check lists is desirable because of accuracy, in cases where it is impracticable to supply such copies, a detailed list of checks drawn showing the location of the disbursing office, the check number, date, and amount, may be submitted in lieu of carbon copies. If any listed checks are voided after preparation of the list, the amounts of such checks should be lined out and the legend "Voided" placed opposite the check number. The total amount of the check list should be adjusted accordingly. Where carbon copies of checks are submitted, the carbon copies of voided checks should be so stamped.
- Card Checks. Where the card form of a check is used, a listing of the checks or other approved form of check copy will be submitted in support of the amount claimed for checks issued. The lists or copies will be arranged in numerical sequence. The lists will show the location of the disbursing office, the check number, date, and amount. If any listed checks are voided, the amounts of such checks should be lined out and the legend "Voided" placed opposite the check number. The total shown for the check listing should be adjusted accordingly.

### **8020.50 - List of Deposits**

Deposit lists will show, for each deposit made to the checking account during the accounting period, the date and amount of the deposit and a grand total amount of the deposits listed.

### **8020.60 - Documenting Purchases or Acquisitions of Foreign Currency by Disbursing Officers**

Each purchase or acquisition of foreign currency, including accommodation exchange transactions from official sources including other disbursing officers, must be documented by an

exchange voucher or its equivalent. The voucher will show as a minimum the following information:

- Date of the transaction;
- Location of the disbursing office;
- Disbursing symbol of the station (office);
- The amount of U.S. dollars exchanged;
- The number of foreign currency units received;
- The name and signature of the disbursing officer making the purchase (exchange); and
- The name and signature of the seller of the foreign currency (bank or institution official or disbursing officer).

Each exchange voucher will be submitted in support of the accounts of the disbursing office, attached to the SF 1218 or 1219 "Statements of Accountability" (I TFM 2-3100).

## **Section 8030 – VOIDED AND SPOILED CHECKS**

### **8030.10 – General**

For check accounting purposes, original checks, which after preparation or in the course of preparation are not to be issued, will be prominently marked accordingly and processed under the following classifications:

### **8030.20 - Voided Checks**

Original serially numbered checks which are not to be released to the payee due to withdrawal of the voucher or voucher items by the administrative office and consequently will not be reported as checks issued in the check reports of the disbursing office, will be rendered non-negotiable by placing the words "Void - Not Negotiable, No Check Issued Under This Number" on the face of the checks in prominent size to avoid unauthorized negotiation.

### **8030.30 - Spoiled Checks**

This classification of checks will apply to those instances where the original serially numbered checks must be rewritten due to the checks being (1) mutilated or spoiled in preparation, or (2)

incorrectly prepared. Under either of the above circumstances disbursing offices will issue replacement checks as described below.

### **8030.30a - Replacement by Control Check**

Disbursing offices using control checks as replacements will print the serial numbers of the spoiled checks on the control checks and verify their accuracy prior to release; control checks are not pre-serial numbered but bear a control number for audit purposes. All original checks so replaced in issue will be rendered non-negotiable by placing the words "Spoiled - Not Negotiable, Replacement Issued Under Control Number - - " on the face of the spoiled checks in prominent size to avoid the possibility of unauthorized negotiation. The audit control number will be entered in the space provided. Since the replacement bears the serial number of the original check, no adjustment to detailed lists of checks drawn is required.

### **8030.30b - Replacement by Alternate Serially Numbered Check**

Disbursing offices not using control checks will use the next available serially numbered check as a replacement; such replacement checks will bear the current date of issue. All original checks so replaced, will be rendered non-negotiable by placing the words "Spoiled - Not Negotiable, Replacement Issued Under Check No. - - dated - - " on the face of the checks. The serial number of the new check will in no way be altered or changed, and such number will be recorded on the original check being replaced as provided above. In the lower left-hand corner of the face of all replacement checks, will be noted the information "Issued to Replace Check No. - - ." The disbursing office will make an appropriate notation on the related carbon copies or detailed list of checks drawn.

### **8030.40 - Reporting and Disposition of Voided and Spoiled Checks**

At the close of each monthly accounting period, a separate listing in numerical sequence for the void checks and a separate listing for the spoiled checks will be submitted with the original checks and the original of the SF 1149. The check listings should be plainly identified as to class of checks (voided or spoiled), accounting month, name of depository, and account number, if any. If a receipt for the shipment is desired, an extra copy of the listing or of the transmittal letter should be furnished with the shipment.

## **Section 8040 – CHECK ISSUE ADJUSTMENTS BY DISBURSING OFFICES**

### **8040.10 – General**

This section sets forth the actions necessary to effect adjustments of depository differences chargeable to disbursing officers. Such differences should be adjusted and recorded in the

accounts of the disbursing office promptly upon discovery by the disbursing office or on report from either the agency internal audit organization or the General Accounting Office.

### **8040.20 - Responsibility of Disbursing Officers**

Disbursing officers are responsible for maintaining the controls and safeguards necessary to assure the drawing of checks in strict conformity with vouchers as certified. Nothing contained in this section is intended to apply to improperly prepared checks which, through the proper exercise of these controls and safeguards, are detected in the disbursing process before release to the payees and which are therefore treated as spoiled checks, for which proper replacement checks are issued in conformity with the vouchers, as prescribed in I TFM 4-8030. Nor does this section apply to erroneous payments or overpayments which result from errors appearing on the vouchers which were certified for payment. For responsibilities of authorized certifying officers, see 7 GAO 23 - Policy and Procedures Manual for Guidance of Federal agencies.

### **8040.30 - Notice of Check Issue Differences**

In addition to the differences which are reported to the disbursing officer by the agency internal audit organization or by GAO, notice of check issue differences may be made known to the disbursing officer under a variety of circumstances such as those outlined below:

- Processing Claims. In the processing of a claim regarding nonreceipt of a check, it may be determined that the check was drawn to the wrong payee, with a resulting overpayment and underpayment
- Internal Disbursing Processes. Through the internal disbursing processes, it may be ascertained, after checks have been mailed, that a check intended to be voided was released or that the wrong check was voided.
- Information From Payees. Information may be received from payees concerning possible overpayments or underpayments.

### **8040.40 - Adjustment of Check Issue Differences**

Check issue differences applying to the current accounting period, which are disclosed and adjusted in the current accounting period, should be documented for internal processing in the disbursing officers' accounts; however, such documentation need not be furnished with the officers' accounting reports. Differences disclosed in the current accounting period, which must be carried over into the subsequent period before adjustment can be accomplished, will be documented as prescribed below.

### **8040.50 - Accounting for Check Issue Overdrafts and Underdrafts**

Each disbursing officer will establish an account entitled "Accounts Receivable, Check Issue Overdrafts" as part of the accountability accounts along with such accounts as "Cash on Hand" and "Cash in Custody of Government Cashiers." The Financial Management Service, Fiscal Service, Treasury Department, has designated deposit fund account - - X6999, "Accounts Payable, Check Issue Underdrafts," (with symbol prefix of the agency employing the disbursing officer) for recording check issue underdrafts.

As soon as the disbursing officer is on notice concerning a check issue difference, an Optional Form 1017-G "Journal Voucher" (or a comparable form), will be prepared to record the overdraft or underdraft.

### **8040.60 - Preparation of the Journal Voucher**

Optional Form 1017-G or a similar form, will be prepared in an original and at least three copies. A complete explanation of the difference will be shown in the space provided on the journal voucher, including a description of the check(s) and reference to the related voucher(s).

### **8040.70 - Distribution of the Journal Voucher**

The original and three copies of the journal vouchers will be used for the following purposes:

- Original. The original will be attached to the disbursing officer's Statement of Accountability in support of the accounts receivable account, in the case of an overdraft; or to the related Statement of Transactions in support of the accounts payable account, in the case of an underdraft (see I TFM 2-3100 for information relating to Statements of Accountability and Transactions).
- Copy No. 1. The first carbon copy will be attached to the disbursing officer's SF 1149, in support of the adjustment of the overdraft or underdraft.
- Other Copies. Two copies will be placed in a file serving as the disbursing officer's official subsidiary record of the uncleared differences comprising the balance of (1) accounts receivable or (2) accounts payable, and as the current operating record for the required corrective actions (e.g., effecting collection or issuing supplemental checks).

### **8040.80 - Clearance From Disbursing Office Accounts of Designated Depository Difference of One Dollar or Less**

Check issue differences of one dollar or less, or U.S. dollar equivalent in foreign currency, even though required to be recorded in the disbursing office accounts, will not be liquidated or cleared by the normal actions of collection from the overpaid payee, payment to the underpaid payee, or adjustment of appropriation or fund accounts which were over or under charged in the original processing of the voucher and issuance of a check. Instead, the following procedures will be observed.

### **8040.80a - Clearance of Accounts Receivable Items of One Dollar or Less**

At the close of each fiscal year the disbursing officer will draw a voucher for the cumulative total of all outstanding receivables for check issue differences with a U.S. dollar value of one dollar or less, process the voucher in his accounts to charge the appropriation available for the expense of his disbursing function, and credit accounts receivable for check issue overdrafts.

### **8040.80b - Clearance of Accounts Payable Items of One Dollar or Less**

At the close of each fiscal year the disbursing officer will liquidate all outstanding accounts payable items for check issue differences with a U.S. dollar value of one dollar or less by processing an adjustment voucher in his accounts to transfer the cumulative total of such items for the year to miscellaneous receipt account - - 1060, "Forfeitures of Unclaimed Money and Property."

The foregoing provisions will not operate to preclude the payment to an underpaid payee if he should make a claim for the amount of his underpayment. The prescribed transfer will apply only to those items that have remained as unclaimed for one fiscal year.

### **8040.90 - Accounting for Collections and Payments Made to Clear Outstanding Differences**

The following actions will be taken to clear outstanding overdrafts and underdrafts as appropriate.

#### **8040.90a - Clearance of Accounts Receivable**

Cash collections received to clear amounts of overdrafts held in accounts receivable, will be deposited in the checking account and the amount of the collections will be credited to the accounts receivable account.

In those cases when it is determined that the overdraft was due to an undercharge to an appropriation or fund account and the item is to be cleared by a supplementary certified voucher charging the appropriation or fund account, the amount of the voucher will be credited to the accounts receivable account.

#### **8040.90b - Clearance of Accounts Payable**

Upon determining that a payee is entitled to the amount of a check issue underdraft, the disbursing officer will certify a disbursement voucher for charge to the deposit fund account - -



X6999. The voucher and check issued will be recorded in the disbursing officer's accounts and shown in the Statement of Designated Depository Account in the regular manner.

Upon determining that the amount of an underdraft is due an appropriation or fund account, rather than a payee, by reason of the fact that the appropriation or fund account has been overcharged, an SF 1097 "Voucher and Schedule to Effect Correction of Errors," or a comparable approved voucher adjustment form, will be certified by the disbursing officer for charge to the deposit fund account -X6999 and credit to the appropriation or fund involved. A copy of the adjustment voucher form will be furnished to the appropriate administrative agency involved (SF 1097 is illustrated in Appendix No. 1, I TFM 2-2500).

### **8040.90c - Clearance of Subsidiary Account Files**

On the basis of the clearance actions described above, the two file copies of the journal voucher, referred to in I TFM 4-8040.70 will be removed from the files and noted with one of the legends illustrated below as appropriate:

See C/D No.\_\_\_\_\_, dated \_\_\_\_\_.

See Check No.\_\_\_\_\_, dated \_\_\_\_\_.

See Adjustment Voucher No.\_\_\_\_\_, dated \_\_\_\_\_.

One copy of the journal voucher will accompany the original of the disbursing officer's SF 1149, submitted at the close of the accounting period in accordance with the requirements of I TFM 4-8020.30, and the other copy will be placed in a closed file for the account.

## **Section 8050 – CANCELLATION OF DEPOSITARY CHECKS**

### **8050.10 – General**

This section sets forth the procedures for cancellation of checks drawn on designated depository checking accounts, the proceeds of which are not due a payee or a payee's estate but are for credit to an appropriation or fund account.

### **8050.20 - Responsibility for Authorizing Check Cancellations**

The authority to order the cancellation of a check is restricted to the administrative agency or office which submitted the certified voucher to the disbursing office for the issue of the check, or in certain cases to GAO.

### **8050.30 - Scheduling Checks for Cancellation**

Checks will be processed for cancellation on the basis of a properly approved SF 1098 "Schedule of Canceled Checks." In all cases where practicable, SF 1098 will be prepared by the administrative agency or office; however, should the schedule be prepared by the disbursing office as a service convenience, such schedule must be signed by the proper official or representative of the administrative agency.

### **8050.40 - Processing Check Cancellations by Disbursing Offices**

Depending on the status of the check, i.e., whether it is "uncurrent" or "current" as to its issue date, different procedures will be followed in processing the cancellation action, as set forth below. All checks when scheduled for cancellation shall be marked with the word "Canceled" on the face of the check, in prominent letters to prevent improper negotiation of the check.

#### **8050.40a - Checks Which Are Uncurrent as to Issue Date**

The accounting action for cancellation of uncurrent checks must be processed through account 2OX6045, "Proceeds and Payment of Certain Unpaid Checks." To effect the transaction, the disbursing office should prepare an Optional Form 1017-G "Journal Voucher" or comparable form to adjust the Statement of Accountability (I TFM 2-3100) accounts involved as follows: Debit 4.1 I (2OX6045) and Credit 2-2 (agency appropriation). A full explanation of the transaction will be provided on the Journal Voucher. The SF 1098, and check if available, will be stamped with the legend "Canceled (date and Journal Voucher number)." At the end of the month, the disbursing office will transmit the original copy of the Statement of Transactions (I TFM 2-3100) showing charges to account 2OX6045, a copy of the Journal Voucher, and check if available to:

Finance Division  
Office of the Comptroller  
Financial Management Service  
Liberty Center, Rm. 257  
Washington, DC 20227

The disbursing office will forward a copy of the accomplished SF 1098 and a copy of the Statement of Transactions to the administrative agency.

#### **8050.40b - Checks Which Are Current as to Issue Date**

Depositary checks which have a "current" status may be processed for cancellation by the disbursing office. If the check is a foreign currency check, the U.S. dollar equivalent of the check and the rate of exchange effective on the date of issue as shown on the payment voucher, should

be entered on the SF 1098. Depending on whether the check is payable against an open or closed depository checking account, the following procedures will apply.

- If the check is drawn on an open depository checking account the SF 1098 will be processed in the disbursing office accounts to effect the credit to the appropriation or fund account and to adjust the checkbook balance and record of outstanding checks. The month and year that the amount of the check is restored to the checkbook balance should be entered on the face of the depository check. The checks and a copy of the SF 1098 will be forwarded with the original copy of the monthly SF 1149.

- If the check drawn on a closed depository checking account, it will be necessary to arrange for a transfer of funds between checking accounts before processing the cancellation action. If the transfer can be accomplished by drawing a check against the closed account for deposit to the open account, this procedure should be followed.

Otherwise, the procedures outlined below will be followed in processing the necessary transfer.

- (1) If the check to be canceled is drawn on the depository currently being used by the disbursing office, the depository will be advised by letter or memorandum that the check is in possession of the disbursing office and is being canceled, and that it is appropriate to transfer the amount of funds involved, from the closed account to the open account. Upon advice from the depository of the transfer, the disbursing office will then process the cancellation action in the current checking account as set forth in the first subparagraph under I TFM 4-8050.40b.

- (2) Where the check to be canceled is drawn on a designated depository different from the one currently being used by the disbursing office processing the cancellation, a written request will be made on the depository against which the check was drawn to charge the checking account for the check being officially canceled and to transmit the funds to the disbursing office. Upon receipt of the funds, they will be deposited in the current checking account and treated as a collection transaction for credit to the related appropriation or fund account. The transaction must be identified as being the proceeds of a canceled check.

## **8050.50 - Unavailable Check Cancellations**

In cases where the check to be canceled, the proceeds of which are not due the payee or his estate, is not available for submission with the disbursing office's account as a canceled check, the following procedures will apply.

### **8050.50a – Agency**

The administrative agency will prepare an SF 1098 and give an explanation on the schedule of the circumstances under which the check is unavailable to the disbursing office. The schedule will be approved by the appropriate official of the administrative agency responsible for the

issuance of the check. The disbursing officer will also sign the schedule under the explanation of the check's unavailability.

### **8050.50b - Disbursing Office**

The disbursing office will request the depository on which the check was drawn to place a stop payment order on the check and to obtain a written acknowledgment of the action from the bank.

The SF 1098, to which will be attached a copy of the acknowledgement of the depository's action of stop payment on the check, will then be processed in the accounts of the disbursing office with credit to the checking account balance and the related appropriation or fund account, the same as any other check cancellation action.

## **Section 8060 – UNDELIVERABLE CHECKS DRAWN ON DESIGNATED DEPOSITARIES**

### **8060.10 – General**

The procedures prescribed in this section relate to undeliverable checks, the proceeds of which are still due the payee or his estate. Checks which are returned as undeliverable and are not due the payee, will be scheduled for cancellation at the earliest possible time. Check cancellation procedures are prescribed in I TFM 4-8050.

### **8060.20 - Safekeeping Procedures**

Each disbursing agency or administrative agency which performs its own disbursing function will prescribe internal control procedures for its disbursing offices with respect to the safekeeping of checks returned as undeliverable to the payee. Agency instructions will provide the procedures to be used by its disbursing offices in notifying the appropriate administrative office of the return of a check as undeliverable to the payee shown on the voucher which was certified for payment by such administrative office. The procedures will also provide instructions to the administrative offices for response to the notices if the checks are to be remailed or forwarded to the payee at an address other than the address originally certified.

### **8060.25 - Time Limit for Holding Checks as Undeliverable**

Administrative agency procedures should provide for the scheduling of undeliverable checks for credit to the appropriation or fund charged with the disbursement, at the earliest practical date within the maximum period of six months from the month the check was issued. Such procedures should be developed in cooperation with the agency's disbursing office in order to obtain the most economical and practical plan.

### **8060.30 - Scheduling Undeliverable Checks**

Undeliverable checks which are to be credited to the appropriation or fund account charged with their issue will be scheduled on SF 1185 "Schedule of Undeliverable Checks for Credit to Government Accounts." The amounts of all checks so credited, must be established as an obligation or payable against the account credited, in order to allow for the future settlement of a claim from the payee or his estate for the amount due. The schedule will authorize the processing of the checks for credit, upon being signed by a duly authorized approving officer of the administrative agency whose disbursements are covered by the checks. The schedule will be prepared in a sufficient number of copies to provide support to the accounting statements which reflect the transactions, the same as for other types of collection items, and for the accounting document files of the disbursing office and the administrative agency. The schedule has been designed to reflect, in addition to the heading information and signature of the appropriate approving officer, the following data with respect to each check:

- Month and year of issue;
- Check serial number;
- Name of payee;
- Amount of check (U.S. dollar equivalent at time of issue); and
- Symbol of appropriation or fund account to be credited.

When SF 1185 is used by the administrative office as an obligation or accounts payable accounting document, all columns should be completed. When the form is utilized as a face sheet to a listing of the checks, and other means are used to establish the obligation or accounts payable record for the amounts of the checks, only the check serial number, amount, and appropriation or fund account to be credited need be shown in the columnar spaces.

Administrative agencies should maintain some type of alphabetical file of the payees' names if the agency's regular accounts payable are not maintained on an alphabetical basis, in order to facilitate the prompt processing of claims when presented by the payees or their estates.

### **8060.35 - Establishment of Liability for Payment of the Proceeds of Undeliverable Checks Credited to Government Accounts**

Liability must be established in administrative agency accounts for the amounts of all undeliverable checks credited to the agency's accounts to provide for the possible subsequent claim for the proceeds and payment to the payee. A copy of SF 1185 may be used by the administrative agency as the obligation or accounts payable accounting document. Otherwise,

the regular formal documentation used by the agency to establish an obligation or payable in its accounts, will be used.

#### **8060.40 - Legend to be Placed on Face of Undeliverable Checks Drawn on Designated Depositories**

Undeliverable checks drawn on designated depositories which are scheduled for credit to agency accounts will, upon scheduling, be defaced by writing, typing, or stamping on the face of each check the following wording, in order to preclude negotiation by unauthorized persons:

Not-Negotiable

Proceeds Credited in Government Accounts

D.O. Symbol\_\_\_\_\_

#### **8060.45 - Checks Current as to Issue Date**

Checks drawn on designated depositories by Government disbursing offices which are current as to date of issue will be scheduled for credit to the appropriation or fund account charged with the disbursement or to the appropriate succeeding account. On the basis of a certified SF 1185, the disbursing office will process the credit to the appropriation or fund account and will adjust the checkbook balance and the record of outstanding checks to reflect the action taken on the checks. The checks will be forwarded with the office's monthly SF 1149, in the same manner as for voided and canceled checks (I TFM 4-8030.40).

#### **8060.50 - Checks Uncurrent as to Date of Issue**

Any uncurrent checks which come into the possession of the disbursing office, the proceeds of which have been transferred to the deposit fund account 2OX6045, "Proceeds and Payment of Certain Unpaid Checks," and for which no current claim has been presented, will be forwarded directly to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548.

#### **8060.55 - Vouchering Claims for the Proceeds of Undeliverable Checks Credited to Agency Accounts**

In processing claims for the proceeds of undeliverable checks which have been credited to agency accounts, the payments must be supported by a regular disbursement voucher signed by a duly authorized certifying officer. Each basic voucher should cite a reference to the original undeliverable check, showing the check serial number, amount, and disbursing symbol number. In those cases where the combination voucher and schedule of payments forms are used, if

appropriate, the basic voucher supporting the schedule may be of the same type or form used for support of the first check issue.

Where voucher-schedules are not used, SF 1034 "Public Voucher for Purchases and Services Other than Personal" should be used as the payment document (SF 1034 is illustrated in Appendix No. 1, I TFM 4-2000).

### **8060.60 - Issue of Replacement Checks for Defaced Undeliverable Checks**

If the safekeeping procedures with respect to undeliverable checks being held pending delivery to the payee provide for the checks to be defaced prior to the time when action will be taken to credit the proceeds of the checks to the agency's accounts, it will be necessary to issue a replacement check to the payee if the check is claimed before credit action is taken. Under such circumstances the defaced undeliverable check will be treated as a spoiled check and processed under the procedures set forth in I TFM 4-8030.

### **8060.65 - Unnegotiated Checks Drawn on Designated Depositories Involving Deceased or Incompetent Payees**

#### **8060.65a - Checks Which Are Current as to Date of Issue**

Unnegotiated checks which are still current as to date of issue, submitted to an administrative agency or a disbursing office in connection with a claim for the proceeds which are still due a deceased or incompetent payee, will be scheduled for credit to the appropriation or fund account originally charged, simultaneously establishing a liability for the subsequent payment of the proceeds of such checks pursuant to a claim and settlement.

SF 1185 will be used to schedule the checks for credit to the appropriation or fund account involved.

#### **8060.65a (1) - Claims for Settlement by Administrative Agencies**

Claims which are for settlement by administrative agencies pursuant to statutory authority will be vouchered in accordance with the prescribed procedures in I TFM 4-8060.55.

#### **8060.65a (2) - Claims for Settlement by GAO**

When the claim is required to be settled by the Transportation and Claims Division of GAO, that is, in certain classes of claims which are required by statute to be settled by GAO because of doubtful questions of law or fact, the appropriate procedures are prescribed in Title 4 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies.

## **8060.65b - Checks Which Are Uncurrent as to Date of Issue**

Unnegotiated checks which are uncurrent as to date of issue, the proceeds of which are still due a deceased or incompetent payee, will be forwarded with the claim for the proceeds to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548, for settlement in accordance with the provisions of section 1 (b) of the Act of August 28, 1957, Public Law, 85-183, 31 U.S.C. 132.

## **Section 8070 – CLAIMS ON ACCOUNT OF NON-RECEIPT, LOSS, THEFT, DESTRUCTION, MUTILATION, OR FORGERY OF DEPOSITARY CHECKS**

### **8070.10 – General**

The procedures prescribed herein pertaining to claims for the proceeds of paid checks, apply to all designated depositary checking accounts. However, the procedures relating to checks which are found to be outstanding and unpaid, only apply to designated depositary checking accounts in foreign countries or United States Territories or Possessions.

Upon receipt of a claim for a check which is reported as not received or as lost, stolen, destroyed, mutilated, forged, or defaced, the disbursing officer will determine from his records or from the depositary bank on which the check was drawn, whether the check is outstanding. If so, he will make a written request to the depositary bank on which the check is drawn to enter a stop payment against such check. The request may be made by means of a stop payment form or by other written means normally used to make such requests. The bank should be requested to acknowledge, in writing, receipt of the stop order.

If the check is found to be outstanding and unpaid and it appears that the proceeds are due the claimant, the disbursing officer will initiate substitute check action by requesting the claimant to execute and submit a TFS Form 2244 "Undertaking of Indemnity – Substitute Checks" in a sum equal to the amount of the check(s).

Upon receipt of a claim for the proceeds of a check which has been paid on a forged endorsement settlement check action will be taken. A written request for reclamation should be directed to the depositary bank. The bank should be requested to acknowledge, in writing, receipt of the request for recovery of the funds.

If the check involved was drawn on a designated depositary checking account which is closed, it will be necessary to accomplish a transfer of funds to an open checking account. The transfer action as outlined in I TFM 4-8050.40b will be used to transfer the funds to an open account.

### **8070.20 - Submission of Undertaking of Indemnity**



Prior to forwarding TFS Form 2244 to the claimant, the disbursing officer will partially complete the form, describing the check(s) in the space provided in the second paragraph. The disbursing officer will also line out the words "United States Treasury" in item 6, substituting for such words the name of the depository on which the check was drawn. The following marginal notation will be inserted opposite this change:

This change made prior to execution of bond with full knowledge and consent of all parties concerned.

Signed \_\_\_\_\_  
(Principal) (Surety or Sureties (If Any))

A claimant other than the original payee should be requested to present a statement in support of his ownership in addition to executing the form.

### **8070.20a – Sureties**

Except in the circumstances set forth below, a corporate surety authorized by the Secretary of the Treasury to act as an acceptable surety on bonds in favor of the United States or two responsible individual sureties, will be required on the undertaking of indemnity. It will be the responsibility of a claimant in a foreign country to secure a certification as to the financial sufficiency of the individual sureties, executed by one of the persons listed in, and in manner prescribed by, the instruction appearing under the "Certificate as to Sureties" on the face of TFS Form 2244.

When the amount of the original check(s) is \$200 or less, or the equivalent in foreign currency, one financially responsible individual surety may be accepted.

Unless it is determined that the requirement of sureties is essential in the public interest, sureties will not be required under the following circumstances:

- If the officer authorized to issue a substitute check is satisfied that the nonreceipt, loss, theft, destruction, mutilation, or defacement of the original check occurred without fault of the owner or holder and while the check was in the custody or control of the United States or of a person duly authorized as an agent of the United States when performing services in connection with an official function of the United States;
- If substantially the entire check is presented and surrendered by the owner or holder, the disbursing officer is satisfied as to the identity of the check presented, and any missing portions are not sufficient to form the basis of a valid claim against the United States; and
- If the owner or holder is the United States or an officer or employee thereof in his official capacity, a state, the District of Columbia, a territory or possession of the United States, a

municipal corporation or political subdivision of any of the foregoing, a corporation the entire capital of which is owned by the United States, a foreign government or agency thereof, a foreign central bank, or a Federal Reserve bank.

### **8070.20b – Exception**

Notwithstanding the provisions of this section, if in any case involving a financially responsible claimant, it is impractical to obtain the execution of TFS Form 2244, with or without Sureties, the officer or employee responsible for handling the claim, at his discretion, may accept an undertaking of indemnity in the form of a written statement or letter, substantially as follows:

In consideration of the issuance of a substitute check in lieu of (check description) and the payment of the substitute check, the undersigned undertakes and agrees to save harmless and indemnify the United States of America, its officers and agents, of and from any and all liability, loss, expense, claim, and demand whatsoever, arising in any manner by reason of or on account of said original check (s) or the stoppage of payment thereof, or the issue of payment of the substitute check(s), to replace the same.

The undertaking of indemnity should be appropriately witnessed, and if it is executed on behalf of a corporation or other business organization, the individual executing the same, should furnish proof of his authority to so act.

In appropriate cases, a foreign language translation of the foregoing letter of indemnity may be accepted.

The use of a written statement or letter in making claim, in lieu of TFS Form 2244, is authorized primarily to cover local situations which make it impractical for claimants to execute such form. However, even in such situations, the following limitations should be observed in using a written statement or letter in lieu of the generally prescribed form:

- Claims of financially responsible banking and other financial institutions, not exceeding \$15,000;
- Claims of other corporations and businesses of recognized financial standing, not exceeding \$5,000; and
- Claims of financially responsible individuals not exceeding \$150, or if the claimant is the recipient of recurring payment, whichever is greater.

If under certain circumstances, it appears necessary to waive the use of TFS Form 2244, with respect to a claim in excess of the amount stated, approval or guidance at a higher level should be requested by the disbursing officer. In the case of military disbursing officers, this may require contacting headquarters of a major command or operating agency. Disbursing officers disbursing under delegation from the Chief Disbursing Officer should refer such cases to his office with attention to the Financial Services Branch.

### **8070.30 - Claims for the Proceeds of Paid Checks**

If the original check is found to be paid on a questionable endorsement, the disbursing officer will furnish the claimant a copy of the paid instrument along with TFS Form 1133 "Claim Against the United States for the Proceeds of a Government Check or Checks." Prior to forwarding the form to the claimant, the disbursing officer will:

- Delete the return address for Treasury, at the top of the form and in the second from the last paragraph, and insert the address of the disbursing officer;
- Insert the complete name and current address of the claimant in the address area;
- Insert the payees name and complete address as shown on the paid check, the check number, the date of issue, and the amount of the check in the boxed space;
- Line out the phrase "by the United States Secret Service" in the second line of the last paragraph; and
- Change the title "Director, Division of Check Claims" at the bottom of the form to the title of the disbursing officer processing the claim.

If the claimant does not reply to TFS Form 1133 within 90 days, the disbursing officer may consider the case closed. If the claimant responds and claims that his endorsement was forged, the original check (when not available, a good photocopy) should be examined by a handwriting expert and the examiner requested to certify an opinion to the disbursing officer. Disbursing officers not having access to a handwriting expert within their agencies, will forward the paid check and the complete claim file to the Financial Management Service, Adjudication Division, Examiner of Questioned Documents, 3700 East-West Highway, Hyattsville, MD 20782.

The opinion of the handwriting expert will be a basis for deciding whether or not a settlement check can be approved for the claimant.

### **8070.40 - Approval of Claims**

In addition to other requirements, the following conditions should be satisfied before the officer delegated with approval authority approves the substitute or settlement of a depository check:

- In the case of a substitute check, he should be satisfied that the original check is outstanding and has not been received or has been lost, stolen, destroyed, or so mutilated or defaced as to impair its value to the owner; or in the case of a settlement check, that the original check was paid on a forged endorsement without authorization or knowledge of the claimant;

- The check has not been outstanding more than one full fiscal year following the fiscal year in which it was issued;
- There is not a doubtful question of law, or fact; and
- A claim in writing and any necessary supporting documents have been received and are properly executed.

If fully satisfied that the action is proper, the approving officer will approve the completed claim by noting on the reverse thereof:

Claim approved by (Name, title, and station), Date

**8070.50 - Issuance of Substitute or Settlement Check**

After approval of the claim, but prior to the close of the fiscal year following the fiscal year in which the original depository check was issued, the disbursing officer who issued the original check or such other officer as may be designated by the head of the department or agency concerned, will issue a substitute or settlement check to the owner. Each substitute or settlement check shall be payable in the same currency as the original check. The substitute or settlement check will be issued under the current date and will contain information in the lower left corner identifying the original check as follows:

Issued in lieu (or in settlement) of

Check No. \_\_\_\_\_.

Date \_\_\_\_\_ Drawn by \_\_\_\_\_.

The substitute or settlement check number will be recorded on the reverse of the claim.

**8070.60 – Accounting**

**8070.60a - Substitute Check**

A copy of the substitute check should accompany the check issue data, supporting the SF 1149. If a listing is furnished in lieu of check copies, the substitute check should be identified as such and the amount omitted. The number and date of the original check should be inserted on the line where the substitute check number is given. The issuance of a substitute check as provided herein will not operate to increase the accountability of the disbursing officer and should not be reflected on the Statement of Accountability.

## **8070.60b - Settlement Check**

Upon determination that a settlement check is due, the check may be issued without waiting for reclamation to be accomplished. When a settlement check is issued, it will be reported as a check issue and accounted for in the regular manner (reporting the amount) in preparing the SF 1149.

Where the local currency disbursed was originally purchased through an open market transaction or funded by issuance of a U.S. Treasury (dollar) check, the offset entry in the disbursing officer's accountability is a charge to account 7.2, "Receivables - Check Overdrafts, on the Statement of Accountability" (I TFM 2-3100). In this case, if reclamation cannot be effected (e.g., the depository may be able to prove a point of law that relieves it from responsibility), the disbursing officer is authorized to credit account 7.2 and charge account 2OX4109, "United States Treasury Check Forgery Insurance Fund," for such amounts. Account 2OX4109 should not be charged until all means of reclamation have been exhausted. All charges to account 2OX4109 must be reported by the disbursing officer on the current Statement of Transactions (I TFM 2-3100). The disbursing officer must forward the complete claim file to the Financial Management Service, Operations Division, 3700 East-West Highway, Hyattsville, MD 20782, within 24 hours after charging account 2OX4109.

Where the funds originally utilized in paying the forged instrument were obtained from United States owned foreign currencies, the accountable officer is authorized to charge the foreign currency account from which funds were originally acquired.

Recoveries made through reclamation, will be credited to the account to which the settlement check has been charged. That is, if the settlement check has been charged to account 7.2, then the credit will be to account 7.2. However, if a charge to account 7.2 has been cleared and account 2OX4109 has been charged, the credit will be to account 2OX4109. This credit must be reported by the disbursing officer on the current Statement of Transactions. The disbursing officer must notify the Financial Management Service, Operations Division, in writing, of each credit made to account 2OX4109, specifying the amount and claim to which it applies. In those cases where a foreign currency account has been charged, the credit will be to that foreign currency account.

In all cases involving issuance of settlement checks, the accountable officer must be satisfied that reclamation action is timely, and every effort is made to recover the proceeds of forged depository checks. The employing agency of the disbursing officer is responsible for providing procedures sufficient for the accountable officer to carry out this responsibility.

## **8070.70 - Recovery of Original Check**

In the event the original depository check is recovered before issuance of a substitute check, substitute check action will be suspended and the depository bank requested to remove the stop payment against the original check. The payee may then negotiate the original check. If the substitute check has been released, the original check will be returned to the disbursing office and rendered non-negotiable by writing or stamping across the face thereof, the words "Not

Negotiable - Substitute Check Issued Under No. --". Such a check will be submitted with the next SF 1149.

### **8070.80 - Blank Check Stock**

In the event blank checks are lost, stolen, destroyed, or mutilated, the disbursing officer should notify the bank immediately as to the numbers of the checks involved. A stoppage of payment will be placed against these checks, and a copy of the stop payment will be submitted with the original copy of the current SF 1149.

### **8070.85 - Cases Requiring Referral to GAO**

#### **8070.85a - Deceased or Incompetent Persons**

When the payee or owner is deceased and the amount of the check is due the estate, the claim of the representative must also be supported by SF 1055 "Claim Against the United States for Amounts Due in the Case of a Deceased Creditor" or a statement of administration if the claimant is serving under court appointment.

When the payee or owner is incompetent, TFS Form 2244 must be accompanied by a short form court certificate showing the appointment and qualification of the claimant as guardian or committee.

If the evidence shows conclusively that the claimant is entitled to the proceeds of the original check, the issuance of a substitute check may be approved by an authorized officer.

Should there be any question as to the claimant's entitlement to a substitute or settlement check, and in all cases where no legal representative has been appointed by the court, the entire file should be forwarded to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548, for advice.

#### **8070.85b - Checks Outstanding More Than One Full Fiscal Year**

The disbursing officer, or other officer designated by the head of the department or agency concerned, will obtain a properly executed TFS Form 2244 or other undertaking of indemnity from the claimant for the proceeds of a lost, stolen, destroyed, mutilated, or defaced depository check which has been outstanding more than one full fiscal year following the fiscal year in which the check was issued, and will forward the same, together with any supporting papers, to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548, for settlement action.

### **8070.85c - Doubtful Cases in General**

All cases involving a doubtful question of law or fact should be transmitted to the General Accounting Office, Transportation and Claims Division, Washington, DC 20548, for settlement action.

### **8070.90 – Files**

Approved claims and supporting papers not transferred to another Federal organization, should be retained by the department or agency responsible for the disbursing function for such periods of time as maybe necessary to protect the interest of the United States

## **Section 8080 – PERIODIC TRANSFER OF PROCEEDS OF UNCURRENT CHECKS**

### **8080.10 – General**

Designated depository checks which have remained outstanding and unpaid in the checking account under which they were drawn, for one full fiscal year after the fiscal year in which they were issued, are classified as "uncurrent" under the laws of the United States. The amount of such checks must be transferred from the depository checking account against which they were drawn to an account on the books of Treasury (31 U.S.C. 132) except as provided in I TFM 4-8080.90. Accordingly, each disbursing office will be responsible for making the necessary transfer from its depository checking account to the account 2OX6045, "Proceeds and Payment of Certain Unpaid Checks," when the checks become "uncurrent."

### **8080.20 - Authority to Make Transfer**

The transfer of proceeds of uncurrent checks, as appropriate, may be made by the disbursing office which issued the checks; the successor disbursing office; or the disbursing office designated by the central office of the disbursing agency concerned.

### **8080.30 - Time of Transfer**

The disbursing office will make transfers on a regular basis, as soon as possible after the close of each fiscal year. The transfer will be reflected in the disbursing office's account for the month following the end of the fiscal year; the transfer to be made in that month will comprise the proceeds of all unpaid checks issued and dated within the fiscal year preceding the fiscal year just closed.

### **8080.40 - Preparation of Check List**

The disbursing office will prepare, in quadruplicate, a list with an appropriate heading showing the name and location of the disbursing office, and the name and location of the depository. The checks will be listed in numerical order. The following information will be shown for each check:

- Date of check;
- Number of check;
- Name of payee;
- Amount of check - foreign currency; and
- Amount of check - U.S. dollar equivalent at time of issue.

The list will show the total amount of foreign currency units and the total U.S. dollar equivalent. The total U.S. dollar equivalent at the time the checks were issued will be the amount of the U.S. dollar transfer to account 2OX6045.

### **8080.50 - Stop Payment Notice to the Depository**

The disbursing office will immediately furnish one copy of the list of uncurrent outstanding checks to the depository and will request the depository to place a stoppage of payment on all checks listed thereon. The depository will be instructed to advise all claimants presenting such checks for payment, to submit the checks to the disbursing office for transmittal to the General Accounting Office, Transportation and Claims Division, for settlement.

### **8080.60 - Method of Transfer**

U.S. disbursing offices of the Department of State and disbursing centers of Treasury, will effect the transfer as provided for in their disbursing manuals. All other disbursing offices will effect the transfer as follows:

The disbursing officer will prepare a journal voucher which will serve as the basis to purchase the amount of foreign currency units represented by the outstanding checks. The disbursing officer will complete such purchase by drawing a Treasury check on the regular checking account for the U.S. dollar equivalent as shown on the check listing provided under I TFM 4-8080.40. The Treasury check will be reported on the Statement of Accountability as a "check issued" and as an increase in accountability under the line caption "cash on deposit in designated depository." An explanation of the transaction will be written on the voucher making reference to the date, serial number, and check symbol of the Treasury check drawn to effect the transfer.



The voucher will support the increase in the checkbook balance, and the transaction will be reported as an adjustment on line 6 of the SF 1149. A copy of the voucher will be attached to the uncurrent check listing and forwarded with the Treasury check to Treasury as provided in I TFM 4-8080.70.

### **8080.70 - Distribution of Copies**

The disbursing office will distribute copies of the list of uncurrent designated depositary checks as follows:

- Original. The original will be forwarded with a copy of the transfer voucher and the Treasury check to the Department of the Treasury, Financial Management Service, Comptroller, Liberty Center, Washington, DC 20227.
- Copy No. 1. This copy will be forwarded to the designated depositary (I TFM 4-8080.50).
- Copy No. 2. This copy will be forwarded with the original to Treasury for transmission to the General Accounting Office, Transportation and Claims Division, with a copy of the confirmed certificate of deposit indicating credit to the account 2OX6045.
- Copy No. 3. This copy will be retained for the files of the disbursing office.

### **8080.80 - Effecting Transfer of Uncurrent Checks Pertaining to Closed Accounts**

When outstanding, unpaid checks become uncurrent in a closed designated depositary checking account and it is necessary to accomplish the transfer of the U.S. dollar equivalent of the uncurrent checks to the account 2OX6045, the disbursing office having jurisdiction over the account, will arrange for the necessary transfer to its current designated depositary checking account. After the transfer has been accomplished, the procedures outlined in I TFM 4-8080.60 will be followed. In this type of case, if the closed designated depositary checking account pertains to a closed disbursing office, one additional copy of the uncurrent check list should be prepared for filing with the retained copies of the office's accounts. On this copy of the list, reference should be made to the disbursing office accomplishing the transfer and the date the transfer was made.

### **8080.90 - Exception to Time Limitations of Negotiability**

Where the laws provide that the negotiable period of a check is less than one full fiscal year after date of issue, the disbursing office will observe such laws governing the period of negotiability and make the transfer as prescribed above accordingly.

## **Section 8085 – MONTHLY DEPOSITARY BANK STATEMENT**

## **8085.10 – General**

Each disbursing office shall obtain from the designated depository a monthly statement of the checking account, in duplicate, and the paid checks charged thereon. The statement will list the amount of each paid check and any additional information deemed applicable. In countries where local laws forbid the furnishing of paid checks to the drawer, the depository statement must show the date, serial number, amount of each check, and a certification over the signature of a bank officer, as follows:

"I certify that the above is a true and correct list of all checks paid by this bank and charged to the account shown in the heading hereof during and that the originals of such checks are on file in this bank and by virtue of the laws of are required to be held for years."

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Signature of Bank Official

If the certification is not in English, it should be accompanied by an English translation.

## **8085.20 - Submission of Monthly Depository Bank Statements**

The original of the checking account statement together with the paid checks (when such checks are returned by the depository) will be submitted with the SF 1149, after reconciliation by the disbursing officer.

## **Section 8090 – CLOSING OF THE BANK ACCOUNTS**

### **8090.10 - General**

When a change in disbursing officers occurs, if necessary, the outgoing officer shall make arrangements to close his depository checking account(s) and transfer the checkbook balance to his successor. The transaction should be reported on line 10 of the SF 1149 prepared on the last day of duty of the outgoing officer, and on line 2 as a deposit on the SF 1149 prepared by the incoming disbursing officer for his first monthly report.

A balance sufficient to meet the amounts of outstanding checks in the closed account should be left on deposit with the bank until such checks become uncurrent, in order that the depository may honor such checks when presented for payment.

Arrangements will be made with the depository to submit regular monthly bank statements covering the account until such time as the bank balance is reduced to zero. The name, official title, and address of the individual designated to receive all future bank statements and paid checks, should be furnished to the depository.

It will be the responsibility of such individual to forward these statements and paid checks to the location identified in Treasury's instructions for civil departments and agencies, or the Department of Defense for the military departments, as applicable.

## **8090.20 - Disposition of Unused Blank Check Stock**

Dependent upon the situation, the following procedures will apply to the disposition of unused blank check stock:

### **8090.20a - Successor Adopts Same Accounts**

Upon the change in disbursing officers at a disbursing office, where the successor takes over the checking accounts of his predecessor, the unused blank check stock will also be taken over by the successor disbursing officer.

### **8090.20b - Disbursing Office Is Closed**

When disbursing offices cease operations and the disbursing accounts are closed, if the unused blank checks are considered property of the depository, they will be returned to the depository for disposition. If the blank check stock has been purchased by the disbursing office and is overprinted for use only by such office, the checks will be destroyed under appropriate security provisions.

## **Section 8095 - INQUIRIES**

Inquiries concerning this chapter should be directed to:

Regional Director  
Washington Financial Center  
Financial Management Service  
Department of the Treasury  
Liberty Center  
Attn: GAO Building, Rm. 3041  
Washington, DC 20227  
(Telephone 202-566-5551)

**APPENDIX NO. 1  
LISTING FORMS PRESCRIBED FOR DESIGNATED  
DEPOSITARY CHECKING ACCOUNTS**

Form – Title

SF 1055 - Claim against the United States for Amounts Due in the Case of a Deceased Creditor

SF 1149 - Statement of Designated Depositary Account

TFS Form 1133C - Claim Against the United States for the Proceeds of a Government Check or Checks

TFS Form 2244 - Undertaking of Indemnity - Substitute Checks

TFS Form 1133 - Claim Against the United States for the Proceeds of a Government Check or Checks

[GRAPHIC]  
SF 1055

[GRAPHIC]  
SF 1055

[GRAPHIC]  
SF 1149

[GRAPHIC]  
SF 1149

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TFS Form 1133C

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TFS Form 1133C

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TFS Form 2244

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TFS Form 2244

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TFS Form 1133