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Figure 7-1. Sample of 1017-G, Journal Voucher

CHAPTER 7

U.S. TREASURY CHECKS

0701 GENERAL

070101. Authorized Purposes. DOs shall issue Treasury checks only in accordance with applicable laws and regulations for the following purposes: military pay and allowances; civilian payrolls; public vouchers for purchases and services; travel claims; authorized advances to travelers and agents; deposits to the credit of the U.S. Treasury; and exchanges for cash. The drawing of any check to an individual payee for the purpose of making payments to non-governmental agencies (such as the American Red Cross) is prohibited.

070102. Negotiability. All U.S. Treasury checks are payable up to 1 year from the date of issue. This limited payability became effective October 1, 1989; checks issued prior to October 1, 1989, were void effective October 1, 1990. Checks presented for payment that are not negotiable due to the above criteria shall be verified for validity and replaced, if appropriate, as prescribed in Chapter 8 of this volume.

070103. Check Types

A. Regular-Issue Checks. Regular-issue checks are standard checks with preprinted check symbol/serial numbers and magnetic ink character recognition (MICR) encoding. Standard checks are the only instruments which DOs are authorized to draw on the account of the Treasury Department.

★ B. Test Grid Checks. Test grid checks provide the format of the check by grid lines for use in testing or aligning automated check writing equipment. They are white with a non-reproducible blue test grid (eight vertical lines per inch and ten horizontal character positions per inch). Test grid checks are printed for Government-wide use. Date and dollar boxes are to be ignored since these boxes are not preprinted on checks. Test grid checks are not for issuance.

★ C. Unnumbered Checks. Unnumbered checks are regular-issue checks without preprinted check symbol/serial numbers and magnetic ink character recognition (MICR) encoding. These checks are for use only by DFAS Centers. Unnumbered checks are controlled by a preprinted Inventory Control Number (ICN). Special check-writing equipment is required to issue unnumbered checks.

★ D. Specimen Checks. Specimen checks are identical to unnumbered checks except that each specimen check is overprinted with the words "SPECIMEN CHECK - NON-NEGOTIABLE" in the signature space. Specimen checks should be safeguarded the same as blank checks although they have "SPECIMEN - NON-NEGOTIABLE" preprinted across them. A

blank check marked "Void - Not Negotiable, No Check Issued Under this Number" should be used if available; otherwise, a piece of paper or card of check size (3 1/4" X 7 3/8") may be used.

★ E. Check Serial Numbers. When all serial numbers of a symbol have been used, FMS will assign a new checking account symbol for the next supply of checks, if necessary. Accordingly, as serial numbers of checks issued approach 99,999,999, the disbursing officer should notify FMS's Check Reconciliation Branch, through the servicing DFAS Center, so a new checking account symbol can be assigned before the next supply of blank checks is ordered. When ordering the new check supply, the disbursing officer should allow additional time for the proof to be changed (in addition to the time normally required to print and deliver the checks).

★ F. Check Numbers. The initial order for serially numbered checks must specify that the numbers begin with 00,00,001. Depending on the quantity of checks ordered, the serial numbers must end in 00,000,999, as appropriate. Subsequent orders must specify serial numbers that follow exactly in sequence as those on preceding orders.

070104. Check Features

A. General. Disbursing activities are authorized to issue only multicolored, standard size checks against the account of the Treasury Department. A standard size check measures 7 3/8 inches in length and 3 1/4 inches in width.

★ B. Pre-encoded Magnetic Ink Characters. Certain information is encoded in magnetic ink along the lower edge of regular-issue checks. The MICR area extends across the width of the check from positions 14 to 54 and from the bottom edge of the check up 5/8". The MICR line will consist of a nine-digit check serial number in positions 23 through 31, a nine-digit transit number in positions 34 through 42, a five-digit check symbol number in positions 49 through 53, and the appropriate MICR symbols denoting preprinted symbol and serial numbers.

070105. Check Dating and Handling

A. Drawing the Check. All checks drawn on the Treasury Department shall be inscribed to the payee by name, or to a financial institution for credit to the account of the named payee, except when the check is drawn as an exchange-for-cash. The rules governing exchange-for-cash checks are in section 0705 of this chapter. Under no circumstances will a check be made payable to "cash."

B. Dating and Mailing of Checks. DOs shall not issue checks in payment of salaries prior to the completion of the service for which the payment is being made or prior to the scheduled payday, unless authorized (e.g., advance pay). However, a DoD Component is authorized to have a policy of mailing checks to payees prior to a military or civilian payday to ensure that the payment is available when due. If it is necessary to mail the check prior to payday, the check shall not be dated prior to the date of the scheduled payday. In the event that

this method of pay delivery is used, the agencies being serviced shall have internal controls that alert the DO when a payee becomes ineligible for scheduled pay (unauthorized absence, separation, etc.) and ensure that pay intercept procedures can be initiated.

C. Legal Representatives

1. Legal Representative of Estate of Decedent. A check may be drawn payable to the order of a legal representative of the estate of a deceased person. The payee on the check shall be named as follows: "John K. Smith, Executor (Administrator, etc.) of the estate of James R. Jones." Under no circumstance shall checks be made payable to "the estate of" a decedent or to a deceased person.

2. Committee or Guardian. A check may be drawn and made payable to the order of a legally appointed committee, guardian, or other legal representative of a mentally incompetent payee when specifically authorized as prescribed in Volumes 7 and 8 of this Regulation.

3. Power of Attorney. The payee of a check may authorize another person to pick up the check by execution of a specific power of attorney that clearly states the holder is entitled to pick up U.S. Treasury checks on the payee's behalf. The person picking up the check shall sign his or her own name on the voucher next to the words "Attorney-in-Fact," followed by the name of the person granting the power of attorney. A copy of the power of attorney shall be retained by the DO. The DO shall verify the identity of the holder. Payments made to the holder of a power of attorney that require "secret or confidential identity" shall be processed using a cover voucher inserted instead of the original. The original voucher with a copy of the power of attorney shall be transmitted to the responsible security office with instructions delineating how long the records shall be maintained.

070106. Signing Blank Checks. The signing of blank checks is prohibited.

070107. Security and Storage. Blank Treasury checks shall be stored in a secure container following the specifications in Chapter 3 of this volume. The checks shall be kept under lock and key or in the safe of the DO or deputy. The DO shall ensure that the conditions of storage prevent any deterioration of the surface tint and design of the check, which is sensitive to moisture, light, and heat. The DO shall accept checks which bear printing of a satisfactory color and strength and, if subsequent deterioration occurs, a replacement supply shall be obtained. Check stock may be stored in safes or vaults to which both the DO and the primary deputy have access. However, only one individual should be given primary responsibility for maintaining the check stock and related control records. Access by others should be limited to those occasions when the principal custodian is absent. Check stock shall be maintained under the control of the DO. In cases of joint custody, the DO shall ensure that no break in accountability occurs. The DO or deputy shall be accountable for the check stock at all times. This provision is intended only to provide for access to the check stock during periods of brief or unexpected absence of the

single individual (either the DO or a deputy) who exercises normal day-to-day responsibility for the check stock.

070108. Blank Check Control Log. Each DO shall maintain a blank check control log for each series of checks used. This log shall be used to maintain a perpetual inventory of checks on hand as well as controlling the release of checks to the check and bond issuing section. At a minimum, the blank check control log shall contain the: date; beginning check number; ending check number; balance of checks on hand; initials of the persons advancing or receiving checks; and initials of persons returning or receiving checks. The DO or designee shall examine the blank check control log daily to ensure that all checks drawn and checks returned unused are accounted for and that no checks have been removed without authority.

★ 070109. Blank Check Issue and Audit. Blank checks shall be issued from the check stock in blocks of appropriate size by serial numbers. The DO shall use a blank check control log as prescribed in paragraph 070108, above, to release blank checks to check-writers and to monitor return of blank, voided, or spoiled checks to the vault. The control log also shall be used to control issuance and return of checks between the DO and sites external to the disbursing office where the checks are prepared. In this case, a receipt shall be obtained for the checks issued, and the person or persons in charge of the working stock shall keep a record of checks issued daily to each clerk for preparation and shall examine daily the record of checks drawn and checks returned unused by the clerks to determine that all checks are accounted for and that no checks have been removed without authority. At least once every 60 days, the DO or designee shall take inventory of the check stock. Any open container shall be inventoried by individual count of the checks contained therein. All damaged cartons, or those bearing evidence of having been tampered with shall be opened and the checks contained therein shall be counted individually. A record of the inventory and total checks on hand shall be retained in the disbursing office and made available to the cash verification team to be attached to the quarterly cash verification report.

070110. Lost or Stolen Blank Checks. When blank checks are lost or stolen, the DO immediately shall notify the commander, the nearest office of the U.S. Secret Service (by message or telephone), as well as the Treasury Department. The notice shall be confirmed by memorandum to the Department of the Treasury, Financial Management Service, Check Reconciliation Branch, PGC-2, Room 500E, 3700 East-West Highway, Hyattsville, MD 20782, telephone (202) 874-8170, with copies to: the U.S. Secret Service; the appropriate DoD Component investigative service; the servicing DFAS Center; and local banks (if appropriate). The notice may be transmitted by electronic means (FAX) to telephone (202) 874-8436 or the most rapid means of communication available and shall include the following: the DSSN; the serial numbers of the checks involved; a statement giving complete information concerning the circumstances of the loss or theft; and the date the loss was referred to the Secret Service for investigation. Note: If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range is required. Only after the report advising of the loss is sent will the check serial numbers be reported to the Treasury Department as check issues. Checks that are discovered to be missing, lost, or stolen prior to issuance (including any

items missing from blank check shipments received from the contractor), should be treated as voids in accordance with I TFM 4-6045.30 and reported on magnetic tape or hard copy to FMS's Check Claims Branch.

070111. Reporting Check Issues. All check issues, including lost or stolen checks, are required to be reported to the Treasury Department. Detailed check issue reporting procedures are contained in chapter 9 of this Volume. For each lost or stolen blank check, the check-issue detail data shall show the amount as "0" (zero) dollars. If any of the checks are later negotiated, the Treasury Department will issue an FMS Form 5206 (Advice of Check Issue Discrepancy) to the DO. Where the lost checks have been reported by the DO (by both message/phone and memorandum) as required, the FMS Form 5206 is not recorded on the SF 1179 (Month End Check Issue Summary) or the SF 1219. To clear the item, the erroneous FMS Form 5206 shall be returned to the Treasury Department with a copy of the memorandum reporting the lost or stolen checks. Every FMS Form 5206 shall receive an immediate response, either by return to the Treasury Department with an explanation or by entry on the SF 1179 and SF 1219 as prescribed in section 0706 of this chapter.

070112. Evidence of Payment. The issuance and mailing of a check to a creditor of the U.S. does not, of itself, constitute payment of a debt. A debt is not discharged until a creditor has received the amount of the debt in money or its equivalent in law. An acknowledgement of receipt of the check is also not evidence of payment. The endorsement of the payee is evidence provided that the check was negotiated. The endorsed check is the receipt to the government.

0702 PROCUREMENT OF TREASURY CHECKS

★ 070201. General. All orders for U.S. Treasury checks shall be made using Government Printing Office (GPO) Form 2431 (Print Order-Department of the Treasury Checks and Proofs) (nine-part carbon) (R 9-90). No other purchasing documents are required or authorized. Disbursing offices should order a supply of checks to last a year, unless there is a good reason to request a supply for a longer or shorter period. Any such reason should be explained on GPO Form 2431 under "Remarks." The minimum amount of any assembly should be 1,000 checks. Larger quantities should be in even multiples of the quantities shown on GPO Form 2431. The order and shipping time for the checks is 90 days. DOs should maintain a 6-month safety supply level of checks on hand. Therefore, reorder levels should be set for when the check stock falls to the 9-month supply-on-hand level. All check orders shall be prepared and forwarded to the DO's servicing DFAS Center following the detailed guidance provided by that Center. A newly established DSSN should submit the check order at least 4 months prior to the planned commencement of disbursing operations. Cancellation of check orders shall be requested by telephone or message through the servicing DFAS Center. The GPO will charge a fee of \$10 for each order canceled. In addition to the GPO cancellation fee, a separate fee will be charged by the contractor if an order is canceled after check production operations have begun.

Defense Finance and Accounting Service
Cleveland Center

DFAS-CL/JFE
Cleveland, OH 44199-2056

Defense Finance and Accounting Service
Columbus Center
DFAS-CO/FP
Columbus, OH 43218-2317

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

Defense Finance and Accounting Service
Indianapolis Center
DFAS-IN/AH, (Mail Stop 90)
8899 East 56th Street
Indianapolis, IN 46249-2201

Defense Finance and Accounting Service
Kansas City Center
DFAS-KC/AE
Kansas City, MO 64197-0001

Also, when a print order has been canceled, the disbursing office or its administrative office must notify the Check Reconciliation Branch at the following address:

Check Reconciliation Branch
Financial Management Service
Department of the Treasury
3700 East West Highway
Room 711A
Hyattsville, MD 20782
(Telephone: (202) 874-8150)

A. Designation of Officials Authorized to Sign Check Requisitions. Before any check purchase orders are submitted, the ordering agency must have designated one primary and one alternate official as having authority to sign check purchase orders. Designations for this purpose are accomplished by completion and submission of a FMS Form 5-89 (Signature File - U.S. Treasury Check Orders) to the Financial Management Service, Check Reconciliation Branch. These forms may be obtained by contacting the Check Reconciliation Branch. The FMS Form 5-89 is used to verify the signature on check purchase orders to ensure that only authorized officials requisition checks.

B. Blank Check Assemblies

1. Assembly A, Single check style.
2. Assembly B, Single check and two prenumbered tissue copies assembled in snap-out style interleaved with one-time carbons and 1/2" binding stub on the right end of the check.
3. Assembly C, Single check with one prenumbered tissue copy assembled in snap-out style interleaved with a one-time carbon and a 1/2" binding stub on the right end of the check.
4. Assembly D, Continuous form single checks, 8 1/2" wide (including a 9/16" perforated margin on each side for pinfeed or overplaten feed devices).
5. Assembly E, Continuous form checks with right stub (4000 checks and 4000 stubs per carton), 15 7/8" wide (including a check-sized stub on the right side and a 9/16" perforated margin on each side for pinfeed or overplaten feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.
6. Assembly ER, Continuous form checks with right stub (40,000 checks and 40,000 stubs on a roll), 15 7/8" wide (including a 9/16" margin on each side for pinfeed or overplated feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive Inventory Control Number (ICN) is printed at the top of the check.
7. Assembly F, Continuous form of two checks in tandem in fanfold (8000 checks per carton), 15 7/8" wide (including a 9/16" perforated margin on each side for pinfeed or overplaten feed devices). Checks with preprinted symbol and serial numbers are numbered with even numbers on the left and odd on the right.
8. Assembly G, Continuous form checks with a check-sized stub on top, 8 1/2" wide (including a 9/16" perforated margin on each side for pinfeed or overplated feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.
9. Assembly H, Continuous form of two checks in tandem (80,000 checks on a roll), 15 7/8" wide (including a 9/16" margin on each side for pinfeed or overplated feed devices). Checks do not have any preprinted symbol or serial numbers. A consecutive Inventory control Number (ICN) is printed at the top of the check. Checks ordered without prenumbered symbols and serial numbers have a consecutive inventory control number printed at the top.

10. Assembly I, Continuous form checks with stub, 15 7/8" wide (including a check sized stub on the left side and a 9/16" perforated margin on each side for pinfeed or overlated feed devices). The stub may be preprinted with the check serial number and other information desired by disbursing offices.

★ 070202. Emergency Checks

A. Ordering Emergency Checks. An order for emergency checks shall be made to the servicing DFAS Center. The DO's request shall be in writing (by message or memorandum) and include complete justification for the order. The request shall specify the DSSN under which the checks will be issued and the name of the DO. Orders should specify quantities in multiples of 1000 checks and the quantity should be sufficient to last until regular-issue checks are received. When applicable, identify the unfilled check order number and date of that order in the request. Orders for emergency checks shall be kept to an absolute minimum and shall be placed only as a last resort. Emergency checks shall be completely used before any new stock of regular issue checks are issued. Cancellation of emergency check orders shall be requested by telephone or message to the servicing DFAS Center. No fees are charged for canceling emergency check orders.

B. Emergency Check Stock. DFAS Centers with high volume printing equipment using check stock without preprinted check symbol/serial numbers and MICR encoding must have check printing equipment that can print the check symbol/serial numbers and related MICR encoding on the blank check stock. Under emergency situations only, these offices may use their print systems to produce prenumbered and MICR encoded check stock for use by other offices within that agency. An example of an emergency situation is when office "A" has a fire and its entire supply of symbol 1234 check stock is destroyed. The servicing DFAS Center can create a limited supply of emergency symbol 1234 checks for office "A" to last until regular stock is available through normal channels. The emergency check stock created bears symbol 1234 and check serial numbers in the 90-99 million range, in accordance with arrangements with the Department of the Treasury, Financial Management Service, Check Reconciliation Branch, 3700 East West Highway, Room 711A, Hyattsville, MD 20782 (Telephone 202-874-8150). Another example where emergency check stock systems may be used is during unexpected military deployment. Emergency checks will bear the appropriate Check Symbol and Serial Numbers in the 90-99 million range, in accordance with agreements with the Check Reconciliation Branch. The servicing DFAS Center must submit to the Check Reconciliation Branch manual signatures of designated officials authorized to disburse emergency check stock to disbursing activities. The emergency check stock system is not to be used to avoid ordering checks through normal channels. Any emergency check stock must be created under the following conditions: (1) produced on a print system that has a post/print verification feature to ensure the integrity of the printed and MICR encoded check symbol and serial numbers and (2) that internal control procedures are in place to prevent issuing duplicate payments bearing the same check symbol/serial numbers. Note: the Check Reconciliation Branch must be notified of the check symbol and serial number ranges involved prior to the creation and use of emergency checks.

070203. Receipt of U.S. Treasury Checks

★ A. Receipt. Upon receipt of a check shipment, the DO or designee shall verify that all checks have been received and, based on a representative sample, make an examination of the accuracy of the printing and check symbol/serial numbers in the upper right corner of the checks and in the MICR field. Any box which bears evidence of tampering shall be opened and the checks individually counted. An acknowledgment of receipt of the checks to the vendor is not required. However, an "Advice of Shipment" form is mailed by the vendor to the ordering activity after check orders are shipped if shipment is by means other than registered first class. The upper portion of the form describes the checks being shipped. The lower portion of the form is an inspection/receipt report. This form is to be signed and forwarded to the servicing DFAS Center after receipt and verification of the order.

B. Warranty. The vendor provides a 120-day warranty on the checks it produces. The warranty period begins the day the checks are delivered to the user. Therefore, it is the responsibility of the office that receives the checks to determine any obvious defects or missing stock before the warranty period expires. Otherwise, the vendor may not be liable for making replacements.

C. Defective Check Shipments. Note the following:

1. If checks are missing from the shipment or if check stock is defective in some other way and replacement of stock is warranted, contact the servicing DFAS Center.

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

3. If a check shipment is received that contains more than one check with the same check serial number, in addition to the notification to the servicing DFAS Center, the DO shall destroy each check which bears a duplicate serial number. The check serial numbers of the duplicate checks shall not be reported as zero dollar amounts in the check issue report since the remaining checks bearing these serial numbers may be issued in the normal manner. The checks bearing the duplicate numbers shall be marked "VOID - NOT NEGOTIABLE" and destroyed locally within 30 days.

4. If checks are discovered missing in the receipt verification process, or at any time thereafter, the DO shall notify both the servicing DFAS Center and the nearest DoD Component investigative service for referral and liaison with the U.S. Secret Service.

5. If checks are received that are intended for another disbursing office, the DO shall immediately contact the servicing DFAS Center.

070204. Transfers Between DOs. Checks transferred between DOs as a part of the relief from disbursing duty process shall be counted individually when they are not in the original packages.

0703 ISSUANCE OF TREASURY CHECKS

070301. Check Preparation. Checks shall be used and issued in strict numerical sequence within each series. The information essential to a check includes place of issue, date, serial number of check, payee, amount, signature of drawer, and other identifying information such as the symbol number and designation of title. The legends "SALARIES AND EXPENSES" and "DRAWN FOR ABOVE OBJECT" will not be preprinted on the face of the check. Check explanations (e.g., exchange for cash or salary) and other special information unique to each disbursing activity may entered at the bottom of the check to the left of the signature area. Extraneous data shall be kept to a minimum. Spaces allotted on the printed check form for specific information shall be used only for the purposes intended. No spaces will be left unfilled in a manner that would allow or facilitate alterations and additions that could lead to forgery or fraud. The completed check will have an orderly appearance and all parts will have good legibility for accurate reading in rapid handling. Overprinting, intersection and crowding shall be avoided. No check may be issued for more than \$99,999,999.99. In instances when the total payment exceeds that amount, two or more checks shall be issued which total to the payment required. Deviation in the check writing procedures outlined herein is not permitted unless authority first is obtained from the servicing DFAS Center.

★ 070302. Reporting Large Disbursements by Check. Since the Treasury Financial Management Service (FMS) is solely responsible for the management of the government's daily cash position, disbursement transactions by check affecting the cash position shall be made known to the FMS in advance of the time of actual disbursement. DOs disbursing \$50 million or more in a single transaction, or in multiple transactions of a common nature, shall report to FMS the following information at least two business days prior to the payment date. For example, if the DO issues 350 various vendor payments totaling \$50 million or more on the same day or issues a payroll totaling \$50 million or more on one day, a report to the Treasury Department is required. If a disbursement of over \$500 million is anticipated, a minimum of five business days advance notice is required. When specific disbursement information has not been finalized, inform FMS daily (by 9:30 a.m. eastern time) of approximate amount(s) and approximate payment date(s). Information on large disbursements should be reported by facsimile transmission (FAX) to FMS at commercial (202) 874-9945 or (202) 874-9984 using FMS Form 187 (Advance Notice of Large Deposits or Payments of \$50 Million or More). If the report is provided to FMS on other than FMS Form 187, at a minimum, the report shall contain:

- A. Name and address of the DoD Component (e.g., Air Force);
- B. Name and telephone number of disbursing officer;

- C. Disbursing station symbol number (DSSN);
- D. Appropriation or fund account charged (minimum of six digits, with the first two identifying the department);
- E. Description of transaction;
- F. Transaction settlement date;
- G. Amount of the disbursement;
- H. Payment mechanism (wire transfer or check);
- I. Check number for check payments;
- J. Payee name and address.

A copy of the report shall be retained with the DO's monthly retained financial records.

070303. Check Print Requirements

A. General. All data printed or typewritten on the checks should be imprinted in such a manner that the print is permanent and not affected by erasure, smudging, moisture, handling, the passage of time, or by other methods that might intentionally or unintentionally be employed to remove or alter the printing without affecting the check itself. Impact printers may be used. Laser type printers which lay an image on the surface of the paper shall not be used. Correctable ribbons used in manual preparation of checks lack the permanence necessary to protect against undetectable alteration, therefore such ribbons shall not be used under any circumstances. The correct position of the date, amount, payee name, and the signature of the DO is determined by the physical characteristics and layout of the blank check. Deviations from the normal positioning of this information should be avoided. In order to standardize printing and facilitate accuracy verification, words on checks should be inscribed all in upper-case (i.e., capital) letters and punctuation should be omitted, except commas used in addresses and to set off names of more than two payees.

B. Pay to the Order of. The payee's name shall be inscribed on checks in such a manner as to assure positive identification. To ensure correct endorsement and for other reasons that have established the custom, the surname of the payee should appear last; the correct order is first name, middle name or initial, and last name. Where the payee has an often used surname (such as "R T Jones" or "J G Smith") the use of initials only instead of the full given name is inadequate to provide a positive identification of the rightful payee. An initial in lieu of a first name will be used only as follows: in cases where the payee's legal given names consist of initials only in which case the words "Initials Only" should be shown after the initials; the length of the surname would leave insufficient space for the full first name; or where the check writing

system makes the use of a first name impractical, in which case other positive identifying data such as the payee's social security number (SSN) or address shall be shown on the check. While not a violation of the Privacy Act, when a payee's SSN is entered on the check, the SSN should be inscribed in a location where it will not be visible in window envelopes should the check be mailed. When checks are to be mailed, care should be exercised to assure that the full and complete address of the payee is entered on the checks or envelopes, including as necessary; rural route numbers, box numbers, house numbers, zip codes, and any other information essential for correct delivery.

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

D. Numeric Dollar Amount. The numeric dollar amount is to be printed in the upper right quarter section of the check in the area above the signature of the DO and below the checking account symbol; it should be in horizontal alignment with the name of the payee or the amount in the body. The amount figures should be preceded by a dollar sign followed by asterisks to fill the allotted area completely (e.g. \$*****123.45). No space should be left unfilled which might otherwise be susceptible to use for fraudulent insertion. Zeroes shall not be used for fill-in characters preceding amounts. The money amount shall contain no commas. This helps to avoid easy alteration of the amount.

E. Written Dollar Amount. The printing of the amount in the body of a check in words provides the DO and the Treasury Department greater safety against the alteration of amounts. If it is determined by a disbursing activity that substantial savings in the cost of issuing checks would result or that space is limited, figures only, without any spacing within the amount, may be used in one of the following formats: \$50and75cents; \$50and75/100; or, \$*****123.45.

F. Other Special Information. Special information (e.g., distribution code, computer or typewritten check serial number, SSN, or explanations for check issuance) should be printed at the bottom of the check to the left of the signature area. When checks are drawn for public vouchers or payroll payments, the disbursing office voucher number or, the bureau voucher number if applicable, may be inserted on the check at the option of the DO. When checks are issued by an industrial-commercial activity or on a voucher to various payees and no copy of the invoice or voucher is available for forwarding to the payee, the invoice number or other data necessary for the payee to identify the purpose of the payment shall be shown in the special information area. Activities issuing individual direct deposit (DD) checks to financial institutions, that are not part of the FRB Automatic Clearing House System, shall inscribe the required DD information: routing transit number; CR, C or S, account number, and type of payment; recipient's name and SSN; and local activity information. Note: Local activity information should be inscribed on the check so it will be readable, not interfere with any of the other inscribed or preprinted information, and not appear in the window envelope.

G. Area for Drawer's Signature. Each check issued must bear one of the following: the manual signature of the DO; an approved facsimile signature of the DO; or the manual signature of a deputy DO who has been appointed as prescribed in Chapter 2 of this volume. Manually signed checks shall have a typed signature line and title of the DO or deputy, depending on who signs the check. For example, checks signed manually by a deputy DO shall be signed below the printed, typed or stamped title of the disbursing officer for whom he is acting as follows:

Disbursing Officer

By _____
(Signature of Deputy).

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

070304. Erasures and Alterations. The DO shall not release checks bearing erasures, alterations, overprinting, or imperfect figures or letters. Such checks shall be spoiled or voided and a new check issued.

070305. Record of Checks Issued. DOs shall maintain a record of every check issued by their DSSNs. The record shall contain at least the payee; amount; DSSN; check serial number; and date of the check. Other information as to the purpose for which the check was issued, document numbers, voucher numbers, and local identification codes or numbers are optional and subject to the discretion of the issuing DO. The record may be on paper or in a media designed for data processing use (e.g., diskette, or magnetic tape). Copies of check issue records shall be included in the retained disbursing records.

070306. Supporting Documents. Attach documents and payroll vouchers used to support the record of checks issued to the original vouchers submitted to the servicing DFAS Center. These supporting documents are not transmitted to the Treasury Department with the check issue reports. Diskettes formatted for check-issue reporting and submitted to an OPLOC for consolidation, or tapes sent directly to the Treasury Department, contain all necessary data for Treasury Department reporting purposes. Requirements for submission of the SF 1179 are contained in Chapter 9 of this volume.

0704 CHECK SIGNING MACHINES

070401. Machine Specifications. Machines to be used for signing checks shall be selected on the basis of their ability to perform in agreement with Treasury Department regulations and standards. The machines should have the following mechanical features:

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

B. A counting device that will assure full protection against unauthorized use of the DO's signature and provide an accurate record of the number of times the signature die has been used. Disbursing offices currently using check-signing machines that do not have counting devices are authorized to continue use of these machines.

C. A signature die assembly that is removable. The signature die assembly shall be kept in a locked safe or vault or under other equally effective safeguards when not in use.

D. A mechanism capable of processing paper checks. Those offices issuing checks with detachable stubs shall ensure that the feeding device is capable of handling this type of check.

070402. Signature Plates

A. Requisition

1. General. Immediately upon receipt of orders to disbursing duty, the prospective DO shall contact the disbursing activity to determine if check-signing equipment is available and obtain all necessary information such as type of equipment, model and serial number, number of plates required, etc. If the prospective DO already has plates compatible with the equipment, the servicing DFAS Center shall be contacted and requested to forward the plates to the new location. If plates are not available, the prospective DO shall forward three specimen official signatures to the new duty station for use in procuring a new signature plate. The signatures shall be in black ink on blank, unlined, 3 by 5-inch white cards and a statement designating the number to be shown on the plate as explained in subparagraph 070402.A.2, below. Upon receipt of the specimen signatures, the DO to be relieved immediately shall prepare and forward a request for procurement to the office regularly providing procurement service. The purchase order for signature plates shall be forwarded to the servicing DFAS Center for approval and forwarding to the contractor. The Center will ensure that plates are ordered in sequential numbering. The purchase order shall include the following information:

- a. The type, manufacturer's name, model, and serial number of the check-signing machine.
- b. Whether the signature plate is for a machine currently in use.

c. If the plate is to be used on a new and undelivered machine, reference to the procurement papers for the machine including the manufacturer, type, and model.

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

2. Numbering of Signature Plates. Treasury Department regulations require that the signature plates of each DO be numbered in sequence in the lower left corner of the border beginning with the number 1. Each order for signature plates shall include the next sequential number for the ordering DO.

3. Multiple Plates. Normally, only one signature plate will be used by the DO and authorized deputies. An additional plate may be obtained only upon approval of the servicing DFAS Center. Requests for additional plates shall contain complete justification of the need for more than one plate. If the check-signing machine uses one set of two plates for the signing process, approval for multiple plates is required for more than one set of plates.

B. Format and Quality of Impression. The servicing DFAS Center will not accept facsimile signatures which do not meet the required standards. Facsimile signature plates shall be designed such that the frame or border, which encloses the facsimile signature, shall contain no identifying characteristics. The frame or border shall be a single wavy line. The impression of the signature plate shall be characterized by sharpness of lines, a continuous and homogeneous deposit of ink, absence of filling, and absence of pronounced ribbon pattern.

C. Approval of Plates. When the plates are received, the DO whose signature is reproduced on the plates shall run 14 specimen copies of each facsimile signature. The DO shall certify 2 of the copies as true facsimile signatures. All 14 copies shall be mailed to the servicing DFAS Center with a memorandum requesting approval of the facsimile for signing checks. The reply of approval from the DFAS Center shall be the authority to use the check-signing machine. In the case of Cummins check signing machines, the contractor (Cummins) runs 14 specimen copies of each plate. The plates are mailed to the applicable DFAS Center, where the specimen copies are compared to the original signatures on the purchase order, and approval is forwarded to the disbursing office. If the specimen copies do not match or the plate does not meet required standards, the DFAS Center notifies the contractor and requests correction.

Note: Checks shall not be signed by facsimile signatures prior to receipt of the DFAS Center's approval.

D. Custody of Signature Plates. DOs shall establish necessary procedures to ensure control and prevent unauthorized use of signature plates. Custody receipts shall be maintained for all signature plates held by authorized deputies. A record of each run of checks through the check-signer shall be maintained and shall be reconciled with the report of checks issued. When not in use, signature plates shall be kept in an approved safe or vault. If the

signature dies are not removable from the check-signing machine, the keys to the machine (or the check-signing machine) shall be kept in an approved safe or vault.

E. Use of Signature Plates. Check-signing by signature plate should be performed by the DO or designated deputies. When considered necessary for efficient operation of the disbursing office, the DO may authorize the holder of a specified position other than a deputy to perform the check-signing function. This authorization shall be made in writing. Individuals shall not be appointed as deputies solely to sign checks by signature plate.

F. Disposition of Plates. When a signature plate is expected to be used again at a new duty station, the plate shall be forwarded to the servicing DFAS Center for safekeeping. If the plate is to be withdrawn from service and is not to be used again, it shall be forwarded to the servicing DFAS Center for destruction. When the plate has been destroyed, a properly executed certificate identifying the specific plate and date of destruction shall be furnished the former DO.

0705 EXCHANGE-FOR-CASH CHECKS

070501. General. Accommodation exchange-for-cash checks are only permitted when satisfactory banking facilities do not exist, and typically only overseas. Personnel eligible to receive accommodation exchange-for-cash checks are listed in Chapter 4 of this volume. Exchange-for-cash checks may be prepared and issued by DoD DOs for official purposes to a deputy, agent, or cashier as an advance of funds; to the Postmaster of the United States for remitting collections for the sale of postal money orders; or to Western Union for remitting collections for personal messages of military personnel transmitted over DoD communications facilities to points inside CONUS. When exchange-for-cash checks are issued as advances, the deputy, agent, or cashier shall give the DO a signed DD Form 1081 as prescribed in Chapter 3 of this volume. Exchange-for-cash checks issued as advances of funds shall be endorsed to the order of the bank or other institution furnishing the cash or, when cashed by another DO, to such officer by title and activity rather than by name as "Pay to the order of the Disbursing Officer (name of ship, station, activity, or unit)." When exchange-for-cash checks are issued for remitting collections for the sale of postal money orders or personal messages, the checks shall be made payable to the Postmaster of the United States or Western Union, as appropriate.

070502. Preparation and Handling. When required by security regulations, the name of the remitter and identifying references to invoices will not be shown on exchange-for-cash checks. Exchange-for-cash checks to payees within the U.S. shall be drawn on the U.S. Treasury. Exchange-for-cash checks for payees outside the U.S. shall be drawn on a limited depository checking account if such an account is maintained by the DO. DOs may inscribe exchange-for-cash checks to themselves, a deputy, or an agent for purposes of obtaining operating or accommodation cash. When authorized in writing by the DO, deputy DOs may inscribe exchange-for-cash checks to themselves for purposes of obtaining operating or accommodation cash. Support the exchange-for-cash check by a memorandum OF 1017-G

(Journal Voucher). Number OF 1017-G with a separate series of voucher numbers peculiar to the functional area where the voucher is prepared.

070503. Funds of Deceased or Missing Persons. Funds found in the personal effects of persons who are dead or missing or whose whereabouts are unknown (including absentees and deserters) shall be exchanged for a Treasury check. The check shall be made payable to the payee designated by the officer having custody of the personal effects. The object for which drawn shall be "Exchange-for-cash--Remittance; personal effects of (name, rank or rate, file or service number)." A separate exchange-for-cash check shall be drawn for safekeeping deposits of such persons and the object for which drawn shall include the safekeeping deposit number in addition to the information noted above.

070504. Exchange-for-Cash Checks Returned as Not Required. Exchange-for-cash checks issued as advances to deputies, agents, and/or cashiers which are returned to the DO as not required shall not be canceled. The deputy, agent, or cashier shall provide the DO with a completed DD Form 1081 indicating return of the check as prescribed in Chapter 3 of this volume. No endorsement on the check by the payee is required. The check shall be endorsed by the DO and deposited as prescribed in Chapter 5 of this volume. DOs shall not accept the return of exchange-for-cash checks from any payee other than a deputy, agent, or cashier. Other exchange-for-cash checks are issued payable to the purchaser and shall be negotiated by the payee.

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

A. When Issued to an Individual. When the payee of an exchange-for-cash check reports that the check has been lost, stolen, or destroyed, the DO shall follow the procedures in Chapter 8 of this volume for unavailable check cancellations except that under no circumstances will the DO issue a recertified check to the payee prior to receipt of credit for the original check from the Treasury Department. This prohibition is required since the original check was issued in exchange for cash and was not based on any entitlement chargeable to an appropriation.

B. When Issued as an Advance of Funds to a Deputy, Agent, or Cashier. In the case of lost, stolen, or destroyed exchange-for-cash checks which were issued as an advance of funds, the deputy, agent, or cashier shall remain accountable for the funds. The deputy, agent, or cashier shall account for the check as a loss of funds on the DD Form 1081. The procedures for reporting and accounting for a physical loss of funds in Chapter 6 of this volume shall be followed. If considered necessary by the DO due to operational requirements, the lost check may be replaced by a recertified check (or a new advance provided in cash). The recertified check or the new advance shall be documented on a DD Form 1081 signed by the deputy, agent, or cashier. A copy of the SF 1184 shall be attached to the DD Form 1081 to document the status of the lost check and the accountability of the deputy, agent, or cashier. When credit for the lost check is received, the DO shall prepare an SF 1034 to transfer the credit from Unavailable Check Cancellations and Overpayments, Suspense, **F3880, to offset the loss of funds in the DO's

accountability. A copy of the SF 1034 shall be provided to the deputy, agent, or cashier to document Treasury Department's cancellation of the lost check and use of the credit to offset the loss of funds. A copy of the DD Form 1081 should be filed with the unavailable check cancellation documentation. In cases where the lost check is subsequently negotiated after cancellation by the Treasury Department (the Treasury Department will reverse the previous credit), the deputy, agent, or cashier accountable for the original lost check shall be held accountable and the loss of funds shall be re-established. Normal loss of funds and relief of liability procedures shall apply.

0706 ACCOUNTING FOR CHECK ISSUE DISCREPANCIES

070601. Advice of Check Issue Discrepancy. The Treasury Department uses the FMS Form 5206 to notify DOs of check issue discrepancies of \$1.01 or more detected during the audit and reconciliation process. The FMS Form 5206 is a computer-generated form which contains a complete description of the discrepancy. The Treasury Department furnishes three copies of the FMS Form 5206 and a copy of the check referenced on the form to the DO for making the required adjustment. The FMS Form 5206 is a correcting entry and changes the amount reported on the magnetic tape check issue report to the actual amount on the face of the check. Upon receipt of the FMS Form 5206 the DO shall research the check issue data to determine if a payee has been overpaid or underpaid and collect or disburse the adjustment amount if the check was issued for the wrong amount. If the payee has not been overpaid or underpaid, but incorrect check issue information has been reported to the Treasury Department, the FMS Form 5206 shall be processed on the DO's SF 1179 and SF 1219, even though the documents net to zero. If offsetting FMS Forms 5206 have not been received, the DO shall identify the offsetting error(s) to make the transaction net to zero, and prepare an OF 1017-G to advise the Treasury Department of the discrepancy. The DO shall make the necessary adjustment following the procedures described in this section. For Navy DOs aboard ships, if the FMS Form 5206 affects the accountability of a previous DO, the current DO shall forward the form with a covering memorandum to the office where the monthly financial reports are submitted for processing. If the FMS Form 5206 is received during the 90-day record retention period, a copy of the applicable check issue record, SF 1179, and disbursement voucher shall be reproduced from the former DO's retained records and forwarded with the FMS Form 5206. In the event an FMS Form 5206 is received which cites a DSSN other than that of the receiving disbursing station, the form shall be forwarded with a memorandum to the correct disbursing station, if identifiable. If the receiving DO is unable to identify the disbursing station indicated on the FMS Form 5206, the form shall be returned to the Treasury Department with a memorandum stating the reason for returning the form without action. If an FMS Form 5206 is received citing a discrepancy, which was discovered and reported by use of an OF 1017-G, a copy of the OF 1017-G shall be attached to the FMS Form 5206 and the documents returned to the Treasury Department without further action.

070602. Differences of \$1 or Less

A. Check Issue Discrepancies of \$1 or Less. Discrepancies of \$1 or less between the amount of a check as reported issued in the level 8 magnetic tape and the actual amount of the check paid by the Treasury Department will be adjusted by Treasury Department.

B. Claims for Underpayments of \$1 or Less. A supplemental check shall be issued and reported as a regular check issue if a disbursing office receives a claim from a payee for an underpayment of \$1 or less. The check shall be included as a regular check issue in Section II, Part A, Column 2 on the reverse of the SF 1219, and a minus adjustment of prior month's issues in Section II, Part A, Column 4 on the reverse of the SF 1219. The amount of the check shall also be reported as a minus adjustment on line 2(b) of the SF 1179 and shall be included as a check issue (in the proper sequence) on the appropriate magnetic tape issue report.

070603. Check Issue Discrepancies of \$1.01 or More. The DO shall prepare an OF 1017-G, as prescribed in this section, to account for a check issue discrepancy of \$1.01 or more for any prior month or current month's check issue errors that are detected by the disbursing office. No OF 1017-G shall be prepared for check issue errors detected over 1 year from the issue month of the check. The OF 1017-G shall be prepared as soon as the DO becomes aware of a discrepancy. All OFs 1017-G shall reference the voucher number and date on which the error occurred as well as any other documents affected. The DO shall not wait to receive an FMS Form 5206 from the Treasury Department.

070604. Adjustment of Duplicate Checks. The Treasury Department will charge the disbursing office, using an SF 5515, for the second check received for payment with the same DSSN and check serial number. When the DO receives an SF 5515 for a duplicate check to which the payee is entitled, it normally is presumed that the wrong original check number was entered on a control check. The DO shall submit an SF 1184 for the correct original check serial number in order to receive credit. The DO should cross reference the SF 1184 with the memorandum copy of the SF 5515 in the event that the disbursing office may, in the future, need a copy of the duplicate check for claim purposes.

070605. Overdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of \$1.01 or more for overdrafts require collection of the overpayment or, in infrequent cases, a supplemental charge to an appropriation or fund. Upon receipt of the FMS Form 5206, the DO shall review the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to determine where and how the discrepancy cited on the document occurred. This requirement is to validate that a discrepancy has in fact occurred and to determine the corrective action required to resolve the discrepancy. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the FMS Form 5206 shall be recorded on the DD Form 2657.

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

1. The first copy of the FMS Form 5206 shall be completed by the DO and attached to the current month's SF 1179 in support of line 2(a) "Net Dollar Adjustments to Prior Months."

2. The second copy shall be used to support the adjusting entry on the SF 1219.

3. If the discrepancy is still unresolved at the end of the month, file a copy in the unclaimed differences file pending final resolution of the discrepancy and preparation of the end of month financial reports (additional copies of the form may be reproduced as required).

4. The original shall be retained by the disbursing office.

C. Recording Check Issue Overdrafts. At the end of the month, the FMS Form 5206 shall be recorded on the SF 1179 (line 2(a) of the Summary portion) and included in the amount recorded on line 3. The FMS Form 5206 shall also be recorded on the reverse of the SF 1219. If the discrepancy is still unresolved at the end of the month, the overdraft shall also be included on line 7.2 (Receivables - Check-Issue Overdraft) of the SF 1219. Two copies of all executed FMS Forms 5206 and OF 1017-G (with supporting documents) shall be kept in an uncleared differences file pending resolution of the discrepancy.

D. Adjustment Prior to Submission of Financial Reports. In some instances, overdrafts may be discovered prior to submission of the financial reports (SF 1219 and supporting documents) and check issue report (SF 1179) covering the period during which the check was issued. In this event, preparation of the OF 1017-G is not required provided: the check is recovered and voided prior to submission of the check-issue report (the check shall not have been negotiated); and, when the check is correct but the payment voucher is incorrect, the voucher is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply only to Navy DOs aboard ships and those DOs who do not submit daily reports to another disbursing office for processing.

E. Adjustment After Submission of Financial Reports. When a check issue overdraft is discovered after the financial reports (covering the period in which the discrepancy occurred) have been submitted, the DO or deputy shall make the following adjustments to financial records and prepare the necessary documents as required below. An OF 1017-G for a check issue overdraft shall be prepared as shown in figure 7-1. The DD Form 2657 shall be posted to reflect the amount of the overdraft as an increase to Checks Issued and an increase to Receivables - Check Issue Overdrafts. At the end of the current reporting period, the OF 1017-G shall be recorded on the SF 1179 (line 2(b) of the Summary portion) and included in the amount recorded on line 3. The OF 1017-G shall also be recorded on the reverse of the SF 1219. The original of the OF 1017-G shall be attached to the SF 1219 and a copy attached to the SF 1179 for the current reporting period to support the entries thereon. If the discrepancy is still unresolved at the end of the current reporting period, the overdraft shall also be included on line

7.2 (Receivables - Check-Issue Overdraft) of the SF 1219 and the remaining copies of the OF 1017-G shall be retained in the uncleared differences file (additional copies of the form may be reproduced as required).

F. Resolving Check-Issue Overdrafts

1. Overdrafts are resolved by collection or a supplemental charge to an appropriation. Collection is appropriate when the check was issued in an amount greater than the payee was actually entitled to receive. Supplemental charges to an appropriation are required when the amount of the check is correct but the payment voucher is for a lesser (and incorrect) amount. The three ways to clear the overdraft are described below. No additional entries are made in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the overdraft has been cleared.

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

3. By Supplemental Charge to Appropriation. When it is determined that the overdraft was caused by undercharging the appropriation or fund against which the original check was drawn, an SF 1034 (or a one-sided SF 1081 if preferred by the DO) shall be prepared and recorded against the undercharged appropriation or fund. The DD Form 2657 shall be posted to reflect a Disbursement and a decrease in Receivables - Check Issue Overdrafts. A check is not issued in this transaction.

4. By Supplemental Charge to Military Pay Appropriation and Pay Account Checkage. Overdrafts caused by under-charging the appropriation for military pay and allowances shall be cleared by actions described in Volume 7 of this Regulation to ensure proper charges are entered in the member's master military pay account. An SF 1034 (or one-sided SF 1081) shall be prepared to describe the transaction in complete detail, charging the accounting data shown on the original payment voucher. No check will be issued in this transaction. The DD Form 2657 shall be posted to show a Disbursement and a decrease in Receivables - Check Issue Overdrafts.

070606. Underdrafts

A. Advice of Check Issue Discrepancy. Adjustments of discrepancies of \$1.01 or more require a supplemental check issue to the payee or in infrequent cases, a credit to an appropriation or fund. Upon receipt of the FMS Form 5206, the DO shall review the retained records of checks issued, applicable payment vouchers, SF 1179, and SF 1219 to determine where and how the discrepancy cited on the form occurred. This requirement is to validate that a discrepancy has in fact occurred and to determine the corrective action required to resolve the

discrepancy. Unless the FMS Form 5206 is erroneous (and this can be supported with copies of the documents listed above), the DO shall prepare a DD Form 1131 giving credit for the value of the underdraft to deposit fund Accounts Payable, Check Issue Underdrafts, **X6999. The DD Form 1131 and the FMS Form 5206 shall be recorded on the DD Form 2657 as a decrease to Checks Issued and an increase to Collections. The DO's total accountability will remain unchanged. At the end of the current reporting period, the FMS Form 5206 shall be recorded on the SF 1179 (line 2(a) of the Summary portion) and on the reverse of the SF 1219.

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

1. The first copy of the FMS Form 5206 shall be completed and attached to the current reporting period's SF 1179 in support of line 2(a) titled "Net Dollar Adjustments to Prior Months" and included in the amount recorded on line 3.

2. The second copy shall be used to support the adjusting entry on the reverse of the SF 1219.

3. Two additional copies and at least 2 copies of the DD Form 1131 shall be filed in the uncleared differences file pending final resolution of the discrepancy and preparation of the end of month financial reports.

4. The original shall be retained by the disbursing office.

C. Adjustment Prior to Submission of Financial Reports. In some instances, underdrafts may be discovered prior to submission of the financial reports (SF 1219 and supporting documents) and check issue report (SF 1179) covering the period during which the check was issued. In this event, preparation of the DD Form 1131 is not required provided: the check is recovered and voided prior to submission of the check-issue report (the check shall not have been negotiated); and, when the check is correct but the payment voucher is incorrect, the voucher is corrected to reflect the proper amount prior to submission with the SF 1219. Normally, these exceptions will apply only to Navy DOs aboard ships and those DOs who do not submit daily reports to another disbursing office for processing.

D. Adjustment After Submission of Financial Reports. When a check issue underdraft is discovered after the financial reports (covering the period in which the discrepancy occurred) have been submitted, the DO, deputy, or agent shall make the following adjustments to financial records and prepare the necessary documents as required below. A DD Form 1131 shall be prepared crediting deposit fund Accounts Payable, Check Issue Underdrafts, **X6999. The DD Form 2657 shall be posted to record a decrease to Checks Issued and a Collection. The DO's total accountability is unchanged. At the end of the accounting period, the DD Form 1131 shall be recorded on the SF 1179 (line 2b of the Summary portion) and included in the amount recorded on line 3. The DD Form 1131 shall also be recorded on the reverse of the SF 1219. A copy of the DD Form 1131 shall be attached to the SF 1179 submitted with check issue reports.

Two copies of the DD Form 1131 shall be retained in the uncleared differences file until the discrepancy is cleared.

E. Resolving Check-Issue Underdrafts. The two ways to clear an underdraft discrepancy are described below. No additional entries are made in the summary section of the SF 1179 or on the reverse of the SF 1219 to indicate that the underdraft has been cleared.

1. By Supplemental Check. When the payee is entitled to the amount of the underdraft, an SF 1034 shall be prepared charging Accounts Payable, Check Issue Underdrafts, **X6999. A check shall be drawn in favor of the original payee. The DD Form 2657 shall be posted to record a Check Issue and a Disbursement. Total accountability is unchanged.

2. By Credit to the Appropriation. When the underdraft discrepancy was caused by overcharging the appropriation and credit is due the appropriation, an SF 1081 shall be prepared charging Accounts Payable, Check Issue Underdrafts, **X6999 and crediting the appropriation charged on the original payment voucher. The DD Form 2657 shall be posted to record a Collection and a Disbursement. Total accountability will be unchanged.

070607. Adjustments to Financial Reports Previously Submitted. Upon clearance of a check issue discrepancy (overdraft or underdraft), the file copy of the FMS Form 5206, OF 1017-G, or DD Form 1131 shall be removed from the uncleared differences file and one of the following legends shall be annotated, as appropriate: "See Deposit Ticket No. __, dated __"; "See Check No. ____, dated ____"; or, "See Adjustment Voucher No. ____, dated ____". The third copy shall be attached to the document effecting the clearance of the outstanding accountability item in the accounts of the DO for submission with the SF 1219. The fourth copy shall be retained in the disbursing office files as a record of the completed action on adjusting the discrepancy.

070608. Erroneous Information Reported on the FMS Form 5206. If, after review of the FMS Form 5206, the copy of the check, the disbursement voucher, and the check issue report data, the DO determines that the check was paid for a different amount than when issued, the FMS Form 5206 shall be returned to the Treasury Department with a memorandum stating the reason for returning the document without action. The memorandum shall be supported by copies of all the documents used to determine the FMS Form 5206 to be in error. Generally, the situation described above is indicative of a bank processing error or alteration of the check by the payee. In either event, the explanatory memorandum to the Treasury Department that returns the FMS Form 5206 shall be sufficiently clear to enable the Treasury Department to initiate reclamation action through the banking system.

070609. Relief of Liability. Both underdrafts and overdrafts are illegal, incorrect, or improper payment irregularities in the accounts of the DO. The DO has the authority and the means to correct underdrafts. Overdrafts are frequently not within the power of the DO to correct. If the check issue overdrafts resulted in overpayment of a payee, that overpayment is an

erroneous payment debt. When the DO has attempted to contact the payee and failed; or, when the payee has been notified and has neither the ability and/or the inclination to make restitution, the DO shall transfer the debt to the servicing DFAS Center for further collection action. In order to meet GAO required standards for relief of liability, uncollectible overdrafts must be transferred to the servicing DFAS Center within 90 days. After the debt has been transferred, relief of liability for the illegal, incorrect, or improper payment may be requested following the procedures in Chapter 6 of this volume.

Optional Form 1017-G (9-79)
 Title 7, GAO Manual
 501017-810

JOURNAL VOUCHER

J.V. No. 25

Date Oct. 23, 19XX

REFERENCE	EXPLANATION	DEBIT	CREDIT
DV # 475129	Accounts Receivable--Check issue overdraft Check issue, Sep XX Check was drawn for \$1500.00 payable to Joe Doe. The payee was due only \$1000.00, which was the amount shown as charged to the appropriation on the disbursement voucher. DSSN: 2222 Check No.: 00,141,123 Date Issued: 21 Sep 19XX Original amount reported: \$1000.00 Correct issue amount to be reported: \$1500.00	500.00	500.00
	Total	500.00	500.00

Prepared by Darrell Johnson
 (Signature)

Approved by Hank Snow
 (Signature)

Deputy Disbursing Officer
 (Title)

Disbursing Officer
 (Title)

Figure 7-1. Sample OF 1017-G, Journal Voucher