Chapter 4500

**Government Purchase Cards**

This chapter prescribes procedures for all departments and federal entities that use the government purchase card. These procedures include program controls and invoice payments**.**

**Section 4510—Authority**

31 U.S.C. §§ 3321, 3322, 3327, 3335, 3901, and Public Law 112-194

**Section 4515—Scope and Applicability**

While the government purchase card is the preferred method for making purchases at or below the micro-purchase threshold, federal entities should not limit the use of the government-wide commercial purchase card to micro-purchases. Federal entity procedures should encourage the use of purchase cards by contracting officers for greater dollar amounts, to place orders and to pay for purchases against contracts. For more information on the micro-purchase threshold, see the [**FAR Subpart 13.2**](https://www.acquisition.gov/far/part-13#FAR_Subpart_13_2).

**Section 4520—Terms and Definition**

For terms and definitions related to this chapter, please view the [**TFM Glossary**](https://tfm.fiscal.treasury.gov/tfm-glossary.html).

**Section 4525—Federal entity Procedures**

Each federal entity develops its own internal procedures for using the purchase card. Federal entity policies should address the following areas to ensure that clear guidance is provided to the Agency/Organization Program Coordinator (A/OPC)s, Approving Official (AO)s, and cardholders:

* delegation of authority,
* training requirements,
* account limits,
* card uses,
* receipt and acceptance of supplies and services,
* account reconciliation,
* review procedures including the use of data mining capabilities to identify delinquency, fraud, misuse, and trends,
* span of control of AOs and A/OPCs,
* risk management controls,
* criteria for establishing accounts, and
* criteria for deactivating or canceling accounts with minimal activity.

In addition, all executive branch departments and federal entities must follow the guidance outlined in the [**Office of Management and Budget (OMB) Circular No. A-123, Appendix B: A Risk Management Framework for Government Charge Card Programs**](https://www.whitehouse.gov/wp-content/uploads/2019/08/Issuance-of-Revised-Appendix-B-to-OMB-Circular-A-123.pdf). Examples of purchase card specific guidance include:

* increasing strategic sourcing initiatives,
* performing accounts payable reviews to analyze spending patterns and find ways to increase savings,
* limiting the use of convenience checks,
* accounting for the environmental quality of products procured with purchase cards, and
* managing property acquired with purchase cards.

**Section 4530—Federal Entity Refunds**

Federal entities receive sales-based refunds and productivity-based refunds from the charge card contractor on a quarterly basis. Sales refunds are based on the dollar or “spend” volume during a specified time period, and productivity refunds are based on the timeliness and/or frequency of payments to the charge card contractor. Refund minimums are included in the current GSA SmartPay master contracts, and federal entity specific refunds are stated in each federal entity specific task order. Federal entities must take steps to maximize sales and productivity refunds in accordance with [**OMB Circular No. A-123, Appendix B, Chapter 7: Refund Management**](https://www.whitehouse.gov/wp-content/uploads/2019/08/Issuance-of-Revised-Appendix-B-to-OMB-Circular-A-123.pdf). Unless specific statutory authority exists that allows refunds to be used for other purposes, refunds must be returned to the appropriation or account from which the purchase was made that generated the refund. Use refunds for any legitimate purchase by the appropriation or account to which they were returned, or as otherwise authorized by statute.

**Section 4535—Review and Approval of Billing Statement for Payment**

When using a government purchase card the vendor providing the goods or service to the federal entity is paid by the charge card contractor. The government paying federal entity then reimburses the charge card contractor in accordance with the terms and conditions of the GSA SmartPay master contracts and the Prompt Payment Act.

The cardholder reviews and reconciles the statement of account received at the end of each billing cycle with receipts and supporting documentation, and the approving official verifies reconciled transaction records to ensure that all purchases were proper. Summary level information reflecting all relevant (consolidated) federal entity cardholder transactions is forwarded to the certifying official, within the designated billing office, to ensure that the federal government ultimately pays only for valid charges that are consistent with the terms of the applicable GSA SmartPay master contracts. The cardholder must forward this report to certifying officials within a time frame that allows them to process and pay the consolidated invoice within the Prompt Payment Act deadline.

The designated billing office should make adjustments to the consolidated invoice, based on the statement of accounts received. The designated billing office pays the consolidated invoice in a timely manner even if all statements of accounts are not received (see subsection 4535.10). The GSA SmartPay master contracts contain provisions for disputing any billing discrepancies after payment of the invoices, as long as the charge card contractor is notified within 90 calendar days of the transaction date.

**4535.10—Payments**

Payment of the consolidated invoice in a timely manner, even without receiving all statements of accounts, refers to a payment procedure in which payment is made to a contractor before the government’s verification that supplies and/or services have been received. It does not refer to, as provided in the FAR clause 52.232-25, payment to a contractor before the 30th day after receipt of the invoice.

All the provisions of the Prompt Payment Act apply, including interest penalties for late payment.

**4535.20—Training Requirements**

Federal entities must require program participants, including A/OPCs, AOs, cardholders, and other accountable/billing officials, to complete purchase card training in order to understand their roles and responsibilities within the charge card program. In accordance with [**OMB Circular No. A-123, Appendix B, Chapter 4: Training**](https://www.whitehouse.gov/wp-content/uploads/2019/08/Issuance-of-Revised-Appendix-B-to-OMB-Circular-A-123.pdf), requirements for executive branch departments and federal entities are as follows:

* must train all program participants before appointment,
* all program participants must take refresher training, at a minimum, every three years,
* all program participants must certify that they have received training, understand the regulations and procedures, and know the consequences of inappropriate actions. Federal entities determine the method of certification, and
* must maintain copies of all training certificates pursuant to U.S. National Archives and Records Administration requirements, General Records Schedule 1, Item 10a.

The Office of Charge Card Management (OCCM), within the GSA Federal Acquisition Service, provides online training modules that fulfill OMB Circular No. A-123, Appendix B training requirements to federal entities. In addition, the GSA SmartPay master contracts outline training requirements for charge card contractors, including providing web-based and on-site training options to federal entities.

**Section 4540—Electronic Commerce**

Federal entities may electronically:

* receive invoices,
* make payments,
* access and review account and master file data, and
* receive reports.

Each department and federal entity should comply with the Debt Collection Improvement Act of 1996 (Public Law 104-134), and the Bureau of the Fiscal Service (Fiscal Service) Final Rule at 31 CFR 208. The Fiscal Service Final Rule at 31 CFR 208 requires recipients of federal nontax payments to receive payment by electronic funds transfer, effective May 1, 2011, with certain exceptions. Fiscal Service has determined that, wherever possible, federal payments should be made through electronic means. Federal entities, or their agents, should use electronic funds transfer as the standard method of payment for all federal program payments.

**Contacts**

Direct inquiries concerning the contract through which the government-wide charge card services are offered to:

Office of Charge Card Management  
Federal Acquisition Service  
General Services Administration  
E-mail: [**gsa\_smartpay@gsa.gov**](mailto:gsa_smartpay@gsa.gov)

Direct any other inquiries to:

Department of the Treasury  
Bureau of the Fiscal Service  
Payment Management  
Policy and Oversight Division  
3201 Pennsy Drive, Building E  
Landover, MD 20785  
Telephone: 202-874-6781

Chapter 5000

**Requisitioning, Preparing, And Issuing Treasury Checks**

**Section 5010—Scope and Applicability**

This chapter prescribes the procedures disbursing officers use to requisition, prepare, and issue four-digit checking account symbol checks drawn on the United States Treasury. Topics include submitting disbursing officers' signature specimens, ordering and controlling blank check stock, and inscribing checks. The procedures apply to all disbursing offices except where otherwise indicated.

**Section 5015—Authority**

See*, inter alia*, 31 U.S.C. 321, 3321, 3325, 3528.

**Section 5020—Terms and Definitions**

For terms and definitions related to this chapter, please view the [**TFM Glossary**](https://tfm.fiscal.treasury.gov/tfm-glossary.html).

**Section 5025—Submission of Disbursing Officers' Signature Specimens**

This section applies specifically to Non-Treasury Disbursing Offices (NTDO) for both new check symbols and existing check symbols.

Accountable Officers, who are empowered to designate disbursing officers, must designate only the minimum number necessary to perform disbursing functions efficiently. Accountable officers, who are NTDO affirming officials and are affirming NTDO disbursing officers for their federal entity, must be in a supervisory capacity to an individual being designated as a NTDO disbursing officer. In addition to submitting information to Fiscal Service, federal entities must maintain records of disbursing officer designations and revocations of authority, including designated disbursing officers' signature specimens.

**5025.10a—Manual Signature Specimens for newly designated disbursing officers**

Before issuing checks, a newly designated disbursing officer must forward manual signature specimens, using FS Form 3023 (see Appendix 4), to the federal entity official responsible for maintaining disbursing officer signature specimen files and to Fiscal Service (as indicated by the instructions on the FS Form 3023). Manual signatures on checks must show a reasonably uniform agreement with the specimen signatures provided on the FS Form 3023. If the disbursing officer elects to change his/her signature or if a change in signature occurs as a natural development, the disbursing officer must submit a new FS Form 3023 with new specimen signatures.

The Disbursing Officer should await confirmation from Fiscal Service that FS Form 3023 has been received and processed before beginning the process of issuing checks.

**5025.10b—Manual Signature Specimens for use under contingencies**

An NTDO with more than one disbursing office or ALC may under contingencies require one office to disburse using another office’s ALC, or use the check stock of another disbursing office, in the same NTDO. Under such conditions, the accountable office disbursing on behalf of another office in that NTDO must ensure that an FS Form 3023, Signature Specimen Submission Form, is on file at Fiscal Service, and that the Form 3023 shows that the office making the disbursement has authority to disburse using the other office’s ALC and/or check stock.

For revocation information, see subsection 5025.30.

**5025.20—Facsimile Signatures and Submission of Specimens**

A facsimile signature is a reproduction of a manual signature that can be saved electronically or by engraving or imprinting. The use of facsimile signatures facilitates the affairs of government personnel or any officials to conduct business, because an authorized officer’s facsimile signature has the same weight as his manual signature. The creation of rubber signature stamps and the action of stamping an authorized officer’s signature on U.S. Treasury checks with a rubber stamp is strictly prohibited.

The legal basis for using a facsimile signature - facsimile of an official's actual signature - is specifically authorized under the Uniform Facsimile Signatures of Public Officials Act only for executing public securities and instruments of payment.

In addition to the requirement in subsections 5025.10a and 5028.10b, a disbursing officer may use a facsimile signature, if necessary. If a disbursing officer would like to use a facsimile signature, he or she must submit an official letter to Fiscal Service informing Fiscal Service of the use of facsimile plates or electronic facsimile signatures in place of manual signatures. The official letter should:

* Identify the NTDO disbursing officer whose signature is to be converted to facsimile signature,
* Identify the appropriate Agency Location Code (ALC),
* Be signed by an appropriate accountable officer from the federal entity who is a NTDO affirming official, who can affirm NTDO disbursing officers for their federal entity, and must be in a supervisory capacity to the individual who is the NTDO disbursing officer whose signature is to be converted to facsimile signature,
* Include an assurance statement of the controls in place that confirm essential security safeguards against unauthorized use of the facsimile plates or the electronic facsimile of the provided signature, and
* Letters should be sent to the Policy and Oversight Division (see Contacts).

When a facsimile plate or electronic facsimile signature is withdrawn from service, or is to be destroyed, due to the revocation or expiration of a disbursing officer’s designation, (see subsection 5015.30 for how to notify Fiscal Service) and is not to be used again, it must be destroyed and purged from any payment system and any backup systems per procedures established by the federal entity involved. When a facsimile plate has been destroyed, a properly executed certificate identifying the specific plate and date of destruction must be given to the disbursing officer and the federal entity official responsible for maintaining specimen signature files. Federal entities should follow applicable federal and industry information technology regulatory requirements and standards when destroying an electronic file of a facsimile signature. For specific information related to these regulations and requirements, please contact the Policy and Oversight Division (see Contacts).

**5025.30—Revocation of Designation**

When an individual for whom a delegation or designation is on file with Fiscal Service departs or otherwise becomes ineligible to act (including through reassignment, retirement, departure, death, etc.), a responsible Accountable Officer should forward to Fiscal Service a FS Form 3023 (see Appendix 4) revoking the delegation or designation of the departing or ineligible Designee. Revocations are effective as of the latter of the effective date requested by the federal entity on the form or the Fiscal Service verification date in Section VI of the FS Form 3023.

When using FS Form 3023 to document a revocation, the submitting federal entity must complete Sections I, II, IV, and V of the form. Revocation forms do not require sample signatures of the individual whose authority is being revoked (Section III), but they must be initialed in Section IV to confirm that any facsimile signature has been destroyed as part of the revocation, and signed in Section V by an appropriate Accountable Official.

**Section 5030—Specifications and Characteristics of Treasury Checks**

**5030.10—General Physical Characteristics**

Blank Treasury checks measure 3-1/4” wide and 7-3/8” long (after bursting and separation from check formats) and are printed on 28-pound paper. The paper used for Treasury checks has a distinct watermark pattern (consisting of both “shaded” and “wire”) manufactured in the paper. This pattern is continuous with “U.S. TREASURY” repeated randomly. The watermark design reads both forwards and backwards. The color of the check is multihued, ranging from light blue to pale peach, featuring the Statue of Liberty boldly engraved on the left side of the check and faintly reproduced in the middle of the check.

**5030.20—Blank Check Formats**

Currently only the Bureau of the Fiscal Service may order new check stock. Current check stock formats in use are:

* Format D—A marginally punched, continuous-form single checks. The overall width is 8 1/2 inches, including a 9/16 inch perforated marginal aligning strip left and right, with the option of having the marginal aligning strips removed prior to shipping. Horizontal perforation every 3 1/4 inch. Fanfolded every fourth check in unbroken strips, no splices. These checks are packed in cartons of 1,000, 2,000, or 4,000 checks.
* Format H—A two-up (one sheet with two checks side by side) marginally punched continuous roll. The overall width is 15 7/8 inches includes a 9/16 inch marginal aligning strip left and right. Each roll contains a leader strip (with alignment marks) minimum of five (5) feet, 80,000 total checks, and a trailing strip of five (5) feet minimum. Maximum roll size 30 inches in diameter with a 5 inch (inside diameter) suitable core. NOTE: All splices, including mill splices and flying splices, are unacceptable. The checks do not have any preprinted symbol or serial numbers. A consecutive inventory control number (ICN) is printed at the top of each check. There are 80,000 checks per roll.
* Format K—A two-up, marginally punched, continuous roll with a statement below the check. The overall width is 15 7/8 inches, including a 9/16 inch perforated marginal aligning strip left and right side, with horizontal perforations at the bottom of each check every 6 1/2 inches. Each roll must contain a leader strip (with alignment marks) a minimum of five (5) feet, 40,000 checks and 40,000 statements, and a trailing strip of five (5) feet minimum. NOTE: All splices, including mill splices and flying splices, are unacceptable.
* Format M—A One-up marginally punched sheet of check and one (1) statement, with option of having check above or below statement. The overall size is 8 1/2 inches x 13 inches or 11 inches. Includes a 9/16 inch perforated marginal aligning strip left and right, with the option of having the marginal aligning strips removed prior to shipping. A horizontal perforation is at the bottom edge of the check when above statement and at the top edge of the check when below statement. Each sheet will yield one (1) check, 7 3/8 inches x 3 1/4 inches, and one (1) statement. Checks are packed in cartons of 1,000 checks and statements.

**5030.30—Statement Printing Options**

For check formats listed in subsection 5030.20 that have a statement, the statement may be preprinted with the check serial number and other information desired by the disbursing offices, as described by the options in this subsection.

The following statement printing options are available for formats K and M:

* Option A: Number only,
* Option B: Personalized imprint only,
* Option C: Statement back only,
* Option D: Number and personalized imprint,
* Option E: Number and statement back,
* Option F: Personalized imprint and statement back, and
* Option G: Number, personalized imprint, and statement back.

The following formats also are available for testing equipment and software:

* Test grid checks in Formats D and
* Specimen checks in Formats H and K.

**5030.40—Check Symbol Numbers**

Checks with serial numbers are preprinted with the four-digit checking account symbol assigned to the disbursing office from which the checks will be issued. Fiscal Service’s National Payment Integrity and Resolution Center (NPIRC)Analysis, Reconciliation & Reporting Section (see Contacts) controls and assigns checking account symbol numbers. The checking account symbol number is in the upper right corner of the check, just before the preprinted serial number. These two numbers, separated by a hyphen, constitute the unique check number. The checking account symbol number and related check digit are preprinted in ink in magnetic ink character recognition (MICR) positions 53 through 49.

**5030.50—Check Serial Numbers**

Checks are preprinted with an eight-digit serial number in the upper right corner after a hyphen, immediately following the check symbol number. Serial numbers must not be duplicated within the same checking account symbol. Serial numbers for each account symbol begin with 00001000 and continue through 99999999. The serial number and related check digits are preprinted in MICR positions 31 through 23.

When all serial numbers of a check symbol have been used, Fiscal Service will assign a new checking account symbol for the next supply of checks, if necessary. Accordingly, as serial numbers of checks issued approach 99999999, the disbursing officer should notify the Analysis, Reconciliation & Reporting Section (see Contacts) 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 (see subsections 5025.30 and 5025.40).

**5030.60—Emergency Check Stock**

Under emergency situations only, disbursing offices may use their print systems to produce prenumbered and MICR-encoded check stock for use by other disbursing offices within that federal entity. Disbursing offices with blank check stock must have high-volume check 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.

For example, if office “A” has a fire and its entire supply of check symbol 1234 check stock is destroyed, and office “B” has high-volume printing equipment, then disbursing office “B” can create a limited supply of emergency check symbol 1234 checks for office “A” to last until regular stock is available through normal channels. The emergency check stock created must bear the check symbol 1234 and check serial numbers in the 90-99 million range. The disbursing Officer signing the emergency checks must be authorized to sign checks for that check symbol. See subsection 5025.10b

Another example where emergency check stock systems may be used is during unexpected military deployment. Emergency military checks will bear the appropriate check symbol and serial numbers in the 90-99 million range. Manual signatures for emergency check stock should be submitted to the same federal entity official responsible for maintaining disbursing office signatures (see subsection 5015.10). The disbursing office must notify the Analysis, Reconciliation & Reporting Section of the check symbol and serial number ranges involved before the creation and use of emergency checks.

Disbursing offices must not use the emergency check stock system to avoid ordering checks through normal channels. Any emergency check stock must be created under the following conditions:

* It must be produced on a print system that has a post/print verification feature to ensure the integrity of the printed and MICR encoded symbol serial numbers, and
* Internal control procedures must be in place to prevent issuing duplicate payments bearing the same check symbol/serial numbers.

**5030.70—Transit Number Symbol**

Blank Treasury checks bear transit number symbols preprinted in magnetic ink within the 1/2-inch band provided at the bottom of the document. This number, 00000051, plus the check digit “8”, are in MICR positions 42 through 34. The transit number symbol (stroke 10, a measurement as part of the MICR font) shall be pre-printed in MICR positions 33 and 43. The banking system uses the transit number symbol to route and process items for payment. Disbursing offices should verify the accuracy of these transit number symbols and other preprinted and MICR-encoded information before using or issuing checks.

**Section 5035—Requisitioning Treasury Checks**

**5035.10—Contract Information**

The U.S. Government Printing Office (GPO) awarded a one-year base contract with 3 option years, a 5-year contract for printing blank checks and exercises overall control over their procurement, while administrative control is exercised by Treasury’s Mission Support Services. After each contract is awarded, the Mission Support Services (see Contacts) issues a notice to all disbursing offices specifying the unit cost of blank checks by type of format and changes to related costs, such as new or revised proofs. Prices are subject to annual changes based on the Bureau of Labor Statistics (BLS), Consumer Price Index for All Urban Consumers-Commodities Less Food (CPI), excluding paper and reimbursable postage or transportation costs. Paper prices also are subject to change monthly because of fluctuating costs. This change is based on the BLS Producer Price Indexes Report (BLS code 0913-01) for Offset & Text, Table 6—Producer Price Indexes and Percent Changes for Commodity Groupings and Individual Items.

Current contract information inquiries should be directed to the Mission Support Services (see Contacts).

**5035.20—Designation of Officials Authorized to Sign Check Requisitions**

Before any check print orders are submitted, the ordering federal entity must designate one primary and one alternate official as having authority to sign check print orders. Federal entities designate these officials by completing a FS Form 1186: Signature File-U.S. Treasury Check Orders (see Appendix 3), and submitting the completed form to the Analysis, Reconciliation & Reporting Section (see Contacts). The Analysis, Reconciliation & Reporting Section uses the FS Form 1186 to verify the signature on check print orders and to ensure that only authorized officials requisition checks.

**5035.30—Treasury Checks Order Form**

Disbursing offices use FS Form 2431: U.S Treasury Checks Order Form (see Appendix 1), to order checks, proofs, and revisions to proofs. (Exception-Fiscal Service's Resource Management Division solicits and consolidates the requirements of Fiscal Service Regional Financial Centers on an annual basis and prepares FS Form 2431s, as appropriate for Treasury Disbursing Offices.)

Current contract prices for check formats and new or revised proofs apply to orders approved by Fiscal Service and received by the contractor up to midnight of the last day of the contract period. All such orders must be delivered within 30 workdays after the contract expires. Disbursing offices must not request that the contractor make deliveries more than 30 workdays after the termination of the contract under which an order is placed. When an order is submitted near the end of a contract period and the disbursing office is placing an order under that contract, it should allow Fiscal Service a minimum of three workdays to process the order and to deliver it to the contractor before the period expires.

Disbursing offices may submit orders requesting deliveries over a period of time. However, final delivery must be made within 30 days after the contract expires.

When specifying delivery dates, disbursing offices should allow two months for printing time (including approval of the order by Treasury and GPO). They should allow an additional two weeks when a change to the check proof is requested.

**5035.40—Check Proofs**

On proof orders that call for a change in the check imprint or format, the Mission Support Services will forward to the federal entity's administrative office a photo-print proof of the check provided by the contractor. An authorized individual from the requesting federal entity must review and approve the proof. The federal entity should retain a copy of the proof and must return the original promptly to the Mission Support Services. The approved proof authorizes the contractor to proceed with printing the checks as ordered.

Treasury's Mission Support Services must have in its possession an approved proof from the federal entity before placement of an order for checks.

**5035.50—Quantities of Checks**

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. They should explain the methodology used to determine the quantity of checks needed to last a year, as well as any such reason why the supply is to last for a shorter or longer period of time on FS Form 2431 under “Remarks.” The minimum amount of any format, except roll stock, is 100 checks. Smaller quantities can be requested in multiples of 100. Larger quantities must be in multiples of 1,000.

**5035.60—Check Numbers**

The initial order for serially numbered checks must specify that the numbers begin with 00001000. All serial number ranges end in xxxx999 for quantities in multiplies of 1000, and in xxxx99 for quantities of 100. Subsequent orders must specify serial numbers that follow exactly in sequence as those on preceding orders

**5035.70—Shipping**

The contractor ships check orders to the delivery destination designated on FS Form 2431 via express package carrier or registered mail if express packages cannot be accepted. However, roll stock is palletized and ships via armored carrier. The contractor sends an advice of shipment notice to the consignee when the order is shipped.

The contractor prepays all shipping charges. These charges are included in the contractor's invoice.

**5035.80—Cancellation of Orders**

If production operations have begun, Treasury's Mission Support Services advises the disbursing office of the cost charged. Then, the FS Form 2431 requesting the order is canceled, properly notating the amount charged, and is used as the basis for the contractor's invoice to GPO.

When a print order has been canceled, the disbursing office or its administrative office must notify the Analysis Reconciliation & Reporting Section (see Contacts).

**Section 5040—Safekeeping and Control of Blank Check Stock**

**5040.10—Safekeeping**

Disbursing officers are responsible for strictly protecting blank checks against loss or theft. Procedures should include such security measures as the following:

The level of security required for blank check stock (BCS) storage and construction of a secure storage room or installation of a GSA-approved security container is addressed in the context of the following:

* the level of risk to which BCS is exposed,
* other security provided by the facility within which BCS is located, and
* meeting minimum requirements set forth for the protection of BCS.

Disbursing offices may store BCS in either an appropriately protected GSA-approved security container or in a secure room (see Appendix 2). BCS storage should provide a high standard of security against theft and should prevent damage to checks from moisture, light, and heat.

The container must be protected by volumetric or capacitance intrusion detection devices for which alarms result in appropriate, timely responses. Volumetric devices detect the presence of a body or moving object within a specific area via the use of infrared, microwave, or sonar measurement devices. Capacitance devices detect intruders via the use of measurement devices that detect electrical properties of the human body. Typically, both volumetric and capacitance detection devices are used together to reduce the likelihood of false alarms. Used in concert, these two types of devices can detect relatively harmless intruders, such as mice, while simultaneously indicating that the electrical measurements of the intruders do not indicate human bodies; therefore, no alarm is initiated. Each type of detection device has its strengths and weaknesses, which must be considered in designing a system that makes effective use of both types of technology.

**Note:**

* All intrusion detection devices must be connected to a manned, 24-hour monitoring station and must use supervised or secure lines. The monitoring station must be supported by an appropriate, timely response capability.
* If volumetric devices are used, dual technology volumetric intrusion devices are preferred because they minimize the potential for false alarms.

Disbursing offices must restrict access to BCS storage to officially authorized persons only. They must log entry and exit to BCS storage and must maintain the logs for a minimum of one year. Automated access control into and out of the secure area is recommended in lieu of manually maintained logs but is not mandatory.

Disbursing offices should prohibit smoking, eating, or other activities that could damage BCS in the storage area.

Access controls such as lock combinations or personal identification numbers must immediately be changed when the possibility of compromise exists. Circumstances that warrant combination changes include the following:

* the transfer, retirement, termination, or resignation of a person having the combination or access code,
* installation of new secure storage areas,
* repairs being made to the locking mechanism,
* upon notification that any records containing combinations or access control codes or devices have been lost, stolen, or compromised, and
* one year has elapsed since the combination or access control codes were changed.

Access control cards and similar devices must be immediately deactivated any time the individual to whom issued no longer requires access or when the individual retires, resigns, or is terminated.

Intrusion detection devices must be installed in the secure room and must be coupled with an appropriate and timely response capability (for instance, Federal Protective Service, contract security, police, or other designated personnel). Automated assessment capability is acceptable; however, response capability must exist.

Officially designated persons should inspect and lock secure storage containers or areas for BCS storage. Persons so designated should inspect the secure container or storage area before locking and should certify the result of the inspection and the security of storage in a written log.

The disbursing officer or an authorized representative should conduct unannounced inventories of blank checks at irregular intervals. Unannounced inventories should be conducted at least every 60 days. Irregularities should be investigated immediately, and any loss or theft should be reported as prescribed in subsection 5030.20.

**5040.20—Loss or Theft**

Immediately upon discovery of lost, missing, or stolen blank checks, the disbursing office must notify, via telephone, the Fiscal Service's Security Division via the Fiscal Service IT Service Desk. The disbursing office should follow up with a letter, fax, or email. Fiscal Service, as appropriate, will refer incidents to the Treasury Inspector General. The follow-up notification must include the following:

* The checking account symbol and serial numbers of the checks involved, and
* A statement giving complete information concerning the circumstances of the lost, missing, or stolen checks. If the loss involves a range of consecutive serially numbered checks, only the beginning and ending serial numbers of the range are needed.

Disbursing officers should report checks that are discovered to be missing, lost, or stolen before issuance (including any items missing from blank check shipments received from the contractor), as voids, per [**TFM Volume I, Part 4, Chapter 6000**](https://tfm.fiscal.treasury.gov/v1/p4/c600.html)**, subsection 6040.10**. Contact the Analysis, Reconciliation & Reporting Section for guidance (see Contacts).

**5040.30—Quality Control Inspections and Reporting Irregularities**

Immediately before using blank checks, the disbursing office must examine a sample group to ensure the checks are satisfactory and bear correct preprinted information. The checks must have a proper background tint and printing that is clear, complete, and of uniform density with no smears or blotches. The disbursing office must verify preprinted checking account symbols and serial numbers, MICR encoding, and other information to ensure there are no discrepancies.

If discrepancies between preprinted check symbols and serial numbers, or other defects are discovered, the disbursing office must notify Treasury's Mission Support Services, which then notifies the contractor for replacement or credit (providing the number of items involved is large enough to warrant such action). The disbursing office must void and process the irregular checks per [**TFM** **Volume I, Part 4, Chapter 6000**](https://tfm.fiscal.treasury.gov/v1/p4/c600.html), Section 6040. It must handle apparent gaps or “skips” within the serial number ranges as possible losses of the items bearing the missing serial numbers, per subsection 5030.20.

**5040.40—Acquisition of Blank Check Stock**

When a new disbursing officer acquires the four-digit check symbol number(s) for the checking accounts of a predecessor, he or she also acquires the blank check stock. Checks preprinted with check symbol numbers must not be altered to issue checks using a different check symbol number.

**5040.50—Destruction of Blank Check Stock**

Disbursing offices have the authority to destroy unused checks locally. The requirements for check destruction provided below include: destroying checks via approved methods, certifying the destruction of checks to Fiscal Service via an emailed letter, and reporting destroyed checks to Fiscal Service as voids via issue file submissions.

**5040.50a—Destroying Checks**

If disbursing offices destroy unused checks, it must be done by shredding or incineration on site or at an approved federal shredding facility outside of the disbursing office, after which the shredding fragments may be disposed of as waste. Shredded fragments must not be larger than 1/8th inch in width and 3½ inches in length. Fiscal Service requires the use of a cross-cut shredder. The incineration method of destruction may only be used, subject to environmental regulations, when a disbursing office does not have shredding equipment. The Policy and Oversight Division (see Contacts) must approve the use of alternative facilities.

**5040.50b—Certifying Check Destruction**

Disbursing offices must notify the Fiscal Service/NPIRC/ Reporting and Reconciliation Branch of the destruction of blank check stock, by emailing a Certificate of Destruction, which consists of letter on agency letterhead, to [RRB.OSD-NPIRC-PM@fiscal.treasury.gov](mailto:RRB.OSD-NPIRC-PM@fiscal.treasury.gov). The letter must include the:

* signatures of the disbursing officer and three witnesses to the actual destruction,
* method of destruction,
* date of destruction,
* quantity of checks destroyed,
* applicable check symbol number, and
* serial numbers of the checks destroyed (beginning and ending numbers for each range of consecutively numbered checks)

The disbursing officer should retain a copy of the Certificate of Destruction as part of the blank check inventory control records.

**5040.50c—Reporting Destroyed Checks**

Disbursing offices should report destroyed checks as voided checks via submission of check-issue transmittals with zero-dollar amount issues in accordance with[**TFM** **Volume I, Part 4, Chapter 6000**](https://tfm.fiscal.treasury.gov/v1/p4/c600.html), Section 6040.

If for any reason a disbursing office cannot report the voided checks as required, it should email Fiscal Service/NPIRC/Reporting and Reconciliation Branch at: [RRB.OSD-NPIRC-PM@fiscal.treasury.gov](mailto:RRB.OSD-NPIRC-PM@fiscal.treasury.gov)

**Section 5045—Drawing and Inscribing Treasury Checks**

**5045.10—Protection of Checks in Process of Preparation**

Disbursing officers must maintain efficient controls for checks in the process of preparation. These controls must be designed to protect against loss or theft and must provide for prompt disclosure of check loss or theft. See subsection 5030.20 for procedures to follow in the event of loss or theft.

**5045.15—Postprint Verification of Checks Without Preprinted Check Symbol and Serial Numbers**

Check printing systems using checks without preprinted check symbol and serial numbers must have a postprint verification unit that reads and verifies certain critical data elements after the optical character reader-B (OCR-B) and MICR data have been printed. The data elements read are the OCR-B check symbol, serial number, the dollar amount, and the entire MICR line. The system must internally calculate the check digits for the check symbol and serial number on the MICR line and must verify correctness. It must compare the MICR data with the OCR-B data and both the OCR-B and MICR data with the data from the input tape. If any character fails to verify correctly, the check or checks must be rejected, marked “void-not negotiable,” and reprinted correctly at a later time.

**5045.20—Mechanical Equipment for Drawing Checks**

Disbursing offices should select machinery per its ability to draw checks according to procedures and standards in this chapter. Disbursing offices should not enter requisitions for checks with radical changes in standard forms just to accommodate the peculiarities of a certain machine. In addition, the disbursing office should consider the manufacturer's ability to service the machinery when selecting any equipment.

Disbursing offices should maintain the equipment to produce the best results in writing checks. Adjustments that provide for placement and alignment of the data added to the check must always be in good order. The inking mechanism should receive careful attention. Excessively inked ribbons and worn ribbons should not be used.

**5045.20a—Requirements Applicable to Check Signing Machines and Payment Systems**

Machines and payment systems that print facsimile signatures on checks shall comply with the applicable federal and industry information technology regulatory requirements and standards to prevent unauthorized use of the equipment and the disbursing officer's facsimile signature. For specific information related to these regulations and requirements, please contact the Policy and Oversight Division (see Contacts).

**5045.25—Quality Standards of Printing**

The printed or written characters of the data added in drawing checks, including the facsimile signature, should have sharp lines, a continuous and homogeneous deposit of ink, and no filling. Also, the characters printed using ribbon technology must not have a pronounced ribbon pattern. Data added in drawing checks must show no appreciable impairment of legibility after being passed through endorsers. Contrast between added printed or written data and the surface tint of the check should ensure high legibility for accurate reading in rapid handling and should serve as a deterrent to alteration.

**5045.30—General Instructions for Inscribing and Positioning of Data Added to Checks**

The correct position of the date, amount, payee's name, and signature of the disbursing officer is determined by the physical characteristics and layout of the blank check. Disbursing officers must avoid deviations from the normal positioning of this information on checks. If not reprinted on the checks by the contractor, the disbursing office must ensure that the place of issue and the object for which drawn are shown on checks before issuance. To standardize printing and facilitate accuracy verification, words on checks should be inscribed in all uppercase (that is, capital) letters and punctuation should be omitted, except commas used in addresses and to set off names of more than two payees. Spaces that would invite or facilitate alteration and addition must not be left unfilled. Data not essential for issuance and payment should be reduced to a minimum and may appear only to the left of the center of the check, just above the line running completely across the face of the check above the MICR line.

**5045.35—Inscription of Payee Name and Other Identification Data**

**5045.35a—Payee's Name**

Checks must be clearly inscribed with the complete payee name to facilitate accurate payee identification at the time of check negotiation. Disbursing offices, and others, that prepare vouchers and schedules on which disbursing offices must rely when preparing checks must write the names in a manner that will ensure proper identification procedures. To ensure correct endorsement and for other customary reasons, 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, the use of initials only (such as “J D MILLER” or “R T JONES”) in lieu of full given names can cause confusion as to the identity of the rightful payee. When a payee's legal given name consists of initials only, the words “Initials Only” should be shown after the initials.

In view of the important services provided by banks and merchants that cash Treasury checks, the federal government has a special obligation to see that payees' names, as they appear on checks, contribute to prompt and specific identification of the payees when the checks are presented for cashing or are received by banking institutions for deposit to the payees' accounts. Requirements for inscribing checks drawn to federal entities of the federal government are prescribed in [**TFM** **Volume I, Part 5, Chapter 2000**](https://tfm.fiscal.treasury.gov/v1/p5/c200.html), Section 2020.

**5045.35b—Address**

When checks are to be mailed, the full and complete address of the payee must be entered on the checks or envelopes, including as necessary: rural route numbers, box numbers, house numbers, zip codes, and any other information essential to correct delivery.

**5045.35c—Other Identification Data**

Checks drawn to commercial concerns, institutions, grantees, or vendors often require account or invoice numbers and other kinds of identification data, as well as the payee name, in order to be properly applied to the account for which moneys are due. Such identification data must be inscribed on the checks on the basis of voucher-schedules of payments prepared by the federal entities per [**TFM Volume I, Part 4A, Chapter 2000**](https://tfm.fiscal.treasury.gov/v1/p4/ac200.html). Disbursing offices must not place identification data in any position on a check where it is visible through the envelope window. In the absence of such data on the voucher-schedules, enclosures (that is, invoices, tear-off coupons, or other forms) containing the identification data may be provided for mailing with the checks.

**5045.40—Position of Check Issue Date**

Disbursing offices must write the date of issue in the upper right portion of the check, either above or below the check number.

The date must be written in month (spelled out or abbreviated), day, year sequence.

**5045.45—Restriction on Postdating of Checks**

Disbursing offices must not inscribe checks with a date of issue that is later than the date the checks are delivered to the payees. If the checks bear issue dates predetermined in accordance with a time schedule, they must not be delivered to the payees in advance of the scheduled payment date. However, mailed checks should be released to the U.S. Postal Service reasonably in advance of the issue date to allow for transit time.

**5045.50—Inscription of Check Amount**

The check amount must be printed per the quality standards prescribed in subsection 5035.25. The amount must be printed in clearly distinguishable type characters. For example, the “l” and “7” must be clearly distinct. In addition, the type should be of a conservative and standard design and of a size to discourage alteration and make any attempts at altering figures clearly evident (OCR-B is recommended). Particular attention should be given to characters that might be susceptible to conversion to a higher figure; for example, altering a “1” to a “7” or a “3” to an “8”. The printing should be of large enough size to withstand folding, spindling, and small tears. The check amount data should not be visible through the envelope window in the address field, since the numbers might confuse U.S. Postal Service address-scanning equipment.

**5045.50a—Printing of Dollar Sign**

If the amount is printed once, only in numerical figures, then the dollar sign must be included as part of the amount printing. If the amount is printed twice on the checks (once in numerical figures and the second in alphabetical letters) the dollar sign does not have to be used for the numerical figures, provided these figures are printed within the convenience amount box and all available print sections within the block contain asterisks.

**5045.50b—Printing and Positioning of Marginal Amount**

On checks without preprinted amount boxes, the amount of the check should appear in the right-quarter section of the check in the area above the signature of the disbursing officer and below the check number. It should be in horizontal alignment with the name or address of the payee. The amount figures should fill their allotted area completely. No space should be left unfilled that might be susceptible to use for fraudulent insertion.

**5045.50c—Inscription of Medial Amount in Body of Checks**

Writing the amount in the body of a check in words (usually feasible when a machine capable of writing words is used) provides the disbursing office and Treasury greater safety against alteration of amount. Therefore, Treasury encourages this practice. However, if the disbursing office determines that a substantial cost savings would result from not writing the medial amount, Treasury permits this.

If the disbursing office determines that substantial cost savings would result from writing the medial amount in figures, either of the following forms may be used: “$50and75cents” or “$50and75/100”. No spacing appears within an amount written in either form. Contact the Policy and Oversight Division for guidance (see Contacts).

**5045.50d—Maximum Amount for Which Checks Can be Issued**

Disbursing offices must not issue a check in an amount exceeding $99,999,999.99. When it is necessary to make payment in excess of this amount by check, the disbursing office must issue two or more checks. Disbursing officers should also consider contacting Fiscal Service to discuss alternative payment options in place of large dollar check payments.

**5045.55—Signatures of Disbursing Officers**

Each check issued must bear one of the following:

* the manual signature of the disbursing officer, or
* an approved facsimile signature of the disbursing officer.

**5045.55a—Manual Signatures of Disbursing Officers**

Manual signatures must substantially conform with the specimen signatures previously submitted on FS Form 3023 to the federal entity official responsible for maintaining specimen signature files (see subsection 5015.10). Disbursing officers should avoid awkward or unusual conditions that would cause an abnormal signature on the checks. A permanent black ink should be used for manual signatures. The ink should not be subject to fading and should not be readily soluble in water.

**5045.55b—Facsimile Signatures**

When facsimile signatures are used, the disbursing officer's approved facsimile signature must be printed on checks in accordance with subsection 5035.20a. The facsimile should appear within a frame or border that conforms to the design adopted by the disbursing officer's department or administrative office.

**5045.60—Space Provided for Printing in Magnetic Ink**

The standard Treasury check format provides space at the bottom of the check for information encoded in magnetic ink used by banks in proof and payment operations. This MICR area extends from the bottom edge of the check to 9/16 inches from the bottom edge of the check and across the entire 7-3/8 inch length of the check. Disbursing offices must be careful not to enter printed data within the 1/2-inch MICR band at the bottom of the check.

**5045.65—Controls to Prevent Release of Imperfect Checks**

Disbursing offices must establish controls to prevent the release of imperfect checks. They should treat checks prepared on defective check stock or bearing erasures, alterations, overprinting, strike-overs, and imperfect letters or figures as spoiled and should void them. Disbursing offices must deface and dispose of imperfect checks as prescribed in [**TFM** **Volume I, Part 4, Chapter 6000**](https://tfm.fiscal.treasury.gov/v1/p4/c600.html), Section 6040, to prevent the possibility of the imperfect checks being negotiated.

**5045.70—Imperfect Checks Returned by Holders**

If a holder returns an imperfect check, the disbursing office must carefully examine the check to determine:

* If the imperfection may have occurred during the issuance process, or was the result of accidental mutilation after issuance, or
* If the imperfection and circumstances surrounding the return of the check constitute likely evidence of an attempt to alter or fraudulently negotiate the check.

Depending on the circumstances, the disbursing office must take the appropriate action as described in subsection 5035.70a or 5035.70b.

**5045.70a—No Apparent Evidence of Attempted Fraud**

If the inspection reveals no basis that the imperfection resulted from an attempt to fraudulently alter the check, the disbursing office should issue the holder an alternate serially numbered check. See [**TFM** **Volume I, Part 4, Chapter 6000**](https://tfm.fiscal.treasury.gov/v1/p4/c600.html), Sections 6030 and 6040, for procedures concerning spoiled and voided checks.

**5045.70b—Evidence of Possible Fraud**

If a check returned by a holder bears evidence of attempted fraud, the disbursing office must notify the Fiscal Service's Security Division via the Fiscal Service IT Service Desk 304-480-7777. Fiscal Service, as appropriate, will refer these incidents to the Treasury Inspector General. The disbursing office must also submit an on-line unavailable check cancellation transaction to the Treasury Check Information System (TCIS).

**Contacts**

For inquiries concerning contract prices and other contract related matters; shipping costs; notices to cancel orders for blank checks; and notices of problems, defects, or missing items in shipments received from the contractor, contact:

Mission Support Services -  
Communications and Document Services Branch  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220  
Telephone: 202-622-2150  
Email: [**Printing@treasury.gov**](mailto:Printing@treasury.gov)

Direct requests for assignment of check symbols; submission of FS Form 3023s; submission of FS Form 1186s; prenotification of check symbol and serial numbers involved in emergency check stock cases; submission of FS Form 2431; notification of canceled print orders; and missing, lost, or stolen (before issuance) checks, including items missing from blank check shipments received from the contractor that were not replaced, to:

Attention: Analysis, Reconciliation & Reporting Section  
National Payment Integrity & Resolution Center  
Bureau of the Fiscal Service  
Department of the Treasury  
PO Box 51318  
Bensalem, PA 19020  
Telephone: 215-516-8106  
Email: [**PFC-OSB-Accounting@fiscal.treasury.gov**](mailto:PFC-OSB-Accounting@fiscal.treasury.gov)

Direct requests for FS Form 2431 to the federal entity's printing officer. The printing officer should forward a Portable Document Format (pdf) file of the request to:

Mail Stop: CSAPS, Team 2, Room C-836  
U.S. Government Printing Office  
732 North Capitol Street, NW  
Washington, DC 20401  
Telephone: 202-512-1239  
Email: [**aps-team2@gpo.gov**](mailto:aps-team2@gpo.gov)

Direct matters regarding blank check stock security, loss, or theft to:

Physical Security Branch  
Bureau of the Fiscal Service  
Department of the Treasury  
6505 Belcrest Road, Suite 613  
Hyattsville, MD 20782  
General information and to report incidents: 304-480-7777

Direct inquiries concerning all other matters, including requests for approval of the placement of printing on checks and approval of additional printing, to:

Department of the Treasury  
Bureau of the Fiscal Service  
Policy and Oversight Division  
3201 Pennsy Drive, Building E  
Landover, MD 20785  
Telephone: 202-874-6781

**Appendices Listing**

Chapter 6000

**Checking Accounts With The U.S. Treasury**

This chapter prescribes procedures that Non-Treasury Disbursing Offices (NTDOs) such as government departments, agencies, and others must follow when using and operating 4-digit symbol checking accounts with the Department of the Treasury (Treasury).

**Section 6010—Scope and Applicability**

Areas covered include instructions on checking account symbol maintenance (how to request, change, close, or reopen a 4-digit Disbursing Office (DO) symbol), reporting check-issue transactions to the Bureau of the Fiscal Service (Fiscal Service), processing voided checks, and adjusting check-issue discrepancies and related matters.

**Section 6015—Terms and Definitions**

For terms and definitions related to this chapter, please view the [**TFM Glossary**](https://tfm.fiscal.treasury.gov/tfm-glossary.html).

**Section 6020—Checking Account Symbol Maintenance**

To request, change, close, or reopen a 4-digit DO symbol, the appropriate agency official from the agency's administrative office should sign and send a letter to the National Payment Integrity and Resolution Center (NPIRC) of Fiscal Service. The requesting party must send the original, signed letter on official agency letterhead. See Contacts.

**6020.10—Opening a 4-Digit Disbursing Office Symbol**

Agencies that are authorized to do their own disbursing (31 U.S.C. 3321) must submit written justification to NPIRC citing their authority to do so. To request a new 4-digit DO symbol, the official must certify that no other DO can reasonably do its disbursing. In addition, the request must indicate if the agency will issue Treasury check stock or will only be established to report information concerning disbursements made by other DOs.

NPIRC will notify the agency (in writing) of the 4-digit DO symbol that was assigned based on the agency's request.

**6020.20—Changing a 4-Digit Disbursing Office Symbol**

It is the agency's responsibility to notify NPIRC when information for a particular DO symbol changes. This includes changes in an address, a Disbursing Officer, a contact person, or a telephone number. The date the DO symbol was opened can be changed if the DO symbol was established with a future opened date and that date has not yet occurred. If the DO symbol has closed, agencies can process changes to the successor Agency Location Code (ALC).

NPIRC will notify the agency (in writing) of changes made to its ALC information so the agency can be assured that all of the requested changes were made.

**6020.30—Closing a 4-Digit Disbursing Office Symbol**

Before requesting that a DO symbol be closed, the DO must do the following:

* Destroy all unused check stock. The DO must **not** submit unused check stock to Fiscal Service (see section 6035.20), and
* Submit a transmittal of zero issue amounts for each check destroyed to the Treasury Check Information System (TCIS).

The letter requesting the closure of a 4-digit DO symbol should specify a successor 4-digit ALC (which is determined by the agency) to do the following:

* Receive subsequent limited payability cancellation credits, and
* Process adjustments that may be found after the DO closes.

Closing a 4-digit DO symbol requires two steps by Fiscal Service:

* First, after receiving the close request letter, NPIRC verifies that the DO has reported all check-issue information to the TCIS and closes all authorized check ranges. NPIRC notifies the agency (in writing) that the authorized check ranges have been closed. NPIRC also informs the agency that it has forwarded the agency's request to close the symbol to the Cash Accounting Branch (CAB).
* Second, the CAB closes the DO symbol in the Central Accounting and Reporting System (CARS) ALC Master File. Before CAB closes a 4-digit DO symbol, the DO must have a zero balance in the following three audits: deposit in transit, undisbursed, and check-issue reporting. CAB sends the agency written notification of closure. See Contacts. Agencies must report SF 1218/1221 or SF 1219/1220 Statement of Transactions/Statement of Accountability to the CARS until CAB closes the symbol in the ALC Master File.

Fiscal Service financial centers that print and disburse checks for Treasury Disbursing Offices (TDOs) must also submit requests to close 4-digit check symbols when the range of check serial numbers has been exhausted and all check-issue information has been reported to the TCIS.

**6020.40—Reopening a 4-Digit Disbursing Office Symbol**

Treasury will reopen a DO symbol if it is under the same agency name and at the same geographical location as when it was previously open. In addition, the reopened office must continue to provide the exact services as the original. If the original office both reported and disbursed Treasury checks, NPIRC will not reopen the symbol if the agency intends to be only a reporting office. If the proposed reopened DO will not provide the same services as originally provided, the agency should request that NPIRC establish a new 4-digit DO symbol (see paragraph 6020.10).

The DO must send the request to reopen a 4-digit DO symbol to NPIRC in writing (see contacts). NPIRC will notify the agency (in writing) that the 4-digit DO symbol has been reopened.

**Section 6025—Check-Issue Reporting**

**6025.10—Check-Issue Reporting Methods**

TCIS is the system that must be used by DOs to submit their check issue information to Treasury. DOs must also submit their disbursement related transaction information through the Payment Information Repository (PIR) to the Central Accounting Reporting System (CARS).See [**TFM Volume I, Part 4A, Chapter 4000**](https://tfm.fiscal.treasury.gov/v1/p4/ac400.html) for more information on Non-Treasury Disbursing Offices (NTDO) file submissions.

**6025.20—Delinquent Check-Issue Reporting**

Treasury requires that DOs report their check-issue data in a timely manner. Until the check-issue information is received, the TCIS will reject claims against these checks and also will not process limited payability cancellation credits. NPIRC cannot complete a final reconciliation and clearance of the DO's account until it receives the check-issue data. Furthermore, until the data is received, Treasury is vulnerable to banking system errors, check alterations and counterfeits, which negatively affect the government's cash position and impact the agency's ability to obtain an unqualified audit opinion with its Fund Balance with Treasury account.

NPIRC will notify the agency's Chief Financial Officer equivalent when delinquent check-issues have not been reported within 60 days. If habitual delinquent reporting continues, NPIRC may suspend the processing of further print orders for blank Treasury check stock until all delinquent check-issue reporting has been accepted into the TCIS.

If Treasury sustains a loss for an altered or counterfeit check as a result of delinquent check-issue reporting, NPIRC reserves the right to pursue action to charge the agency for the amount of the loss and to refuse to provide new check stock.

**Section 6030—Spoiled Checks**

If a check is spoiled in the check issuance process, the DO must void the check per Section 6040 and report it per paragraph 6040.10. The DO must assign a new check number to the voided payment. Treasury no longer allows the use of control checks.

**Section 6035—Voided Checks**

DOs can void checks and render them non-negotiable by marking the face of each check with the following:

"Void - Not Negotiable. No Check  
Issued Under This Number."

DOs should not send voided checks to NPIRC. They should dispose of voided checks per paragraph 6035.20.

Not-Negotiable Checks - DOs cannot void checks that were reported to TCIS as valid checks, such as returned checks. The DO must stamp these checks as follows:

"Not Negotiable - For Deposit Only.  
Credit of Agency Location Code \_\_\_\_\_\_."

A DO may deposit these checks at a Financial Institution (FI), with which they have an agreement to do so. The FI will in turn use the Over the Counter Network (OTCnet) to credit the proceeds of the check to the appropriation from which it was issued, according to check cancellation procedures. See [**TFM** **Volume 1, Part 4, Chapter 7000**](https://tfm.fiscal.treasury.gov/v1/p4/c700.html). A DO may also use OTCnet directly to receive this credit. Both processes will produce an SF 215 Deposit Ticket. For more information on OTCnet, see [**TFM** **Volume 1, Part 5, Chapter 2000**](https://tfm.fiscal.treasury.gov/v1/p5/c200.html).

**6035.10—Reporting Voided Check Issues**

DOs report voided checks on check-issue transmittals as zero-dollar amount issues. Voided serial numbers are recorded sequentially with those of other checks issued. If DOs do not report checks as void on check-issue transmittals, NPIRC cannot close DO symbols when requested, see paragraph 6020.30. DOs will be held liable for any voided checks that are cashed and processed through the banking system.

**6035.20—Disposition of Voided Checks**

DOs should destroy voided checks as soon as possible by shredding or incineration, on site or at an approved federal shredding facility, after which the shredding fragments may be disposed of as waste. Shredded fragments must not be larger than 1/8th inch in width and 3½ inches in length. Fiscal Service requires the use of a cross-cut shredder. The incineration method of destruction may only be used, subject to environmental regulations, when a disbursing office does not have shredding equipment. The Policy and Oversight Division (see Contacts) must approve the use of alternative facilities.

**Section 6040—Checking Account Reconciliation Reports and Adjustments by Fiscal Service**

The TCIS compares paid check data provided by Federal Reserve Banks (FRBs) with check-issue information transmittals reported by DOs on an item-for-item basis for each check serial number. When reconciling paid check data, NPIRC issues checking account reconciliation adjustment reports.

**6040.10—Report 251, Advice of Check Issue Discrepancy (5206)**

Treasury adjusts (to the penny) all differences between the issue amount of a check (reported by DOs to the TCIS) and the actual amount of the check paid by Treasury. A 5206 is generated in TCIS when Fiscal Service changes the amount reported on the check-issue transmittal to agree with the actual amount printed on the check. This is done in cases were the DO has reported an issue amount to TCIS that differs from the amount printed on the check, and the check was paid for the amount printed on the check. TCIS will automatically generate a reconciliation case when this occurs. Fiscal Service sends a computer-generated copy of the 5206 to the DO to notify them of the discrepancy. The 5206 fully describes the error.

When a DO receives a 5206, the DO should immediately review its check-issue records to determine the nature of the error cited on the 5206. The DO must determine if it overpaid or underpaid the payee. It must collect or disburse the adjustment amount if it issued the check incorrectly, and report the appropriate adjustments in its accounts. If the payee was not overpaid or underpaid, but the DO reported incorrect check-issue data to Fiscal Service (on its check-issue transmittal and SF 1218/1221 or SF 1219/1220), the DO still must include the 5206 on its SF 1218/1221 or SF 1219/1220.

If a DO receives a 5206 and determines that there is an offsetting check-issue error that makes the transaction net to zero, the DO should prepare a letter to NPIRC advising of the discrepancy. See paragraph 6045.20.

If the DO determines that the check listed on the 5206 was altered or is counterfeit, it must immediately notify NPIRC in writing (by express mail if possible). Untimely notification leaves the government at risk of not recovering the funds. For an altered or counterfeit check, DOs do not include 5206 adjustments on the SF 1218 or SF 1219.

See Appendix 1 for a copy of a 5206.

**6040.20—Processing 5206**

If the DO must adjust a check-issue error based on a 5206 from NPIRC, it must enter the appropriate adjustments in its accounts.

The DO must report the 5206 on its:

* SF 1218 or
* SF 1219 or
* SF 1220: Statement of Transactions (According to Appropriations, Funds and Receipt Accounts), or
* SF 1221: Statement of Transactions (According to Appropriations, Funds and Receipt Accounts - Foreign Service Account).

This supports the adjusting entry on SF 1218/1219, line 2.11, "checks issued/adjustments- 5206," or SF 1220/1221.

On a monthly basis, the DO must provide a list of all 5206s to its agency headquarters. It must explain how the error occurred. The DO also must describe the internal control measures it has initiated to prevent further errors.

**6040.30—Adjustment of Duplicate Checks**

The TCIS accepts only one issue/paid record for any given check symbol and serial number. Therefore, NPIRC uses SF 5515: Debit Voucher, to charge the DO for duplicate checks issued with the same symbol and serial number.

**6040.40—Reversal of SF 5515 for Duplicate Checks**

If a DO issues a check with the wrong check symbol and serial number to a payee that is entitled to a payment and this causes a duplicate check, the DO must request that NPIRC reverse the SF 5515 in writing. The letter must identify the correct symbol and serial number of the duplicate check. DOs also must provide a copy of the SF 5515 to NPIRC. After NPIRC verifies the information, it processes a reversal entry and issues an SF 215 to the DO.

In addition, the DO must report the appropriate check-issue information to the TCIS for the correct symbol and serial number of the duplicate check. NPIRC will not reverse SF 5515s unless the DO reports, and the TCIS accepts, the check-issue information for the correct symbol and serial number of the duplicate check.

**6040.50—Adjustment of Deposit Differences**

The Statement of Difference (SOD) identifies differences between the amounts reported as deposited in the Treasury General Account (TGA) and the amounts actually credited to the TGA. The SOD for deposits are generated on a monthly basis and are available via the CARS SOD application. The Deposit Ticket/Debit Voucher Support Listing is also available in CARS SOD and is updated daily.

**Section 6045—Check-Issue Adjustments by Disbursing Offices**

DOs follow the procedures in this section to show proper accountability for funds when processing adjustments in their accounts. These adjustments relate to checks drawn on the TGA.

**6045.10—Check-Issue Errors**

DOs prepare a journal voucher for any prior month or the current month check-issue errors they detect (see paragraph 6045.20). However, DOs cannot send journal vouchers or letters requesting adjustments for check-issue errors detected more than one year from the issue month of the check. By that time, the TCIS has canceled the checks. It passes the credit to the Treasury Receivable Accounting and Collection System (TRACS), which returns the funds to the agency through the limited payability cancellation process. TRACS will send the payment back to the ALC and the TAS/BETC that is specified in the federal agency’s Cash Flow Profile within the Shared Accounting Module (SAM); TRACS will not send the payment back to the TAS/BETC reported on the original payment. DOs correct check-issue discrepancies more than one year from the issue month of the check depending on how they received the limited payability cancellation credits. DOs must correct these discrepancies in one of two ways:

* If received through the Intra-Governmental Payment and Collection (IPAC) System, the DO reports the credit in Section I, Part A, of the SF 1220. The DO also records it on line 2.80 of the SF 1219. Then, it records and reports a journal voucher for the check amount on lines 2.12 and 4.10 of the SF 1219. It also charges the account credited from the IPAC documents or SF 1220.
* If received on a SF 1081: Voucher and Schedule of Withdrawals and Credits, the DO records the SF 1081 to its accounts. Then, the DO records and reports a journal voucher for the check amount on lines 2.12 and 4.10 of the SF 1218/1219. It also charges the account credited from the SF 1081 on the SF 1220/1221.

For further help on processing check-issue errors detected more than one year from the issue month of the check, contact the Cash Accounting Branch. See Contacts.

**6045.20—Adjustment Action**

For check-issue errors detected by the DO within 12 months from the issue month of the check, the DO must prepare the journal voucher (reported on the SF 1218/1219) as soon as it determines the facts. Also, the DO must write a letter to NPIRC describing the same error(s) on the journal voucher. It should not wait to receive a 5206. NPIRC uses the information in these letters to correct reporting to the TCIS. For each specific check symbol and serial number adjusted, the TCIS generates report 252, *Notification of Check Issue Correction-Disbursing Office Requested*. NPIRC forwards this report to the DO. See Appendix 2.

**6045.30—Error in Issue Amount**

DOs must correct a prior month's discrepancy that occurred because:

* The DO drew a check for an amount different from the amount taken into its account, and
* The DO reported that check amount on the check-issue transmittal.

To adjust the issues to agree with the amount of checks as drawn, the DO must submit a journal voucher or appropriate correspondence to NPIRC. In addition, the DO does the following:

* Collects the overdraft amount related to the receivable established for the adjustment, or
* Issues a new check (new issue) for an underdraft, related to the deposit fund credit established for the adjustment; and, if applicable,
* Adjusts the account charged for the related disbursement.

If the DO receives a 5206 that cites the same error, the DO should file the 5206 with its office copy of the journal voucher and take no other action since the DO has already corrected the error.

**6045.40—Error in Disbursement**

If the amount of the check, the amount on the issue transmittal, and the amount in the accounts are consistent but the "amount to be paid" on the internal voucher is different, the DO should not send a journal voucher to Fiscal Service. It should adjust the amount on its books.

**6045.50—Distribution of the Journal Voucher**

The DO distributes the journal voucher and two copies as follows:

A. Original. Keep the original to support the accounts receivable account on the SF 1218/1219 and to support the accounts payable account on the SF 1220/1221, \_\_X6999. The journal voucher must include the check symbol, serial number, and the issue date of the check. Also, the journal voucher must explain the circumstances that caused the adjustment. For example, a DO issued a check to a payee for $359 but reported a voucher and check-issue to Treasury on the issue transmittal of $659. In this case, the journal voucher would show a credit of $300 to the accounts payable account.

B. Copy 1. Retain the first copy and attach it to the clearance transaction document (for example, SF 215, schedule of collection, payment voucher or SF 1081). Report the transaction document to support the SF 1218/1219 or SF 1220/1221 when the item is cleared from the receivable account or the payable account.

C. Copy 2. Keep the second copy as the subsidiary record of uncleared differences comprising the balance of accounts receivable or accounts payable, and the current operating control record for the corrective actions.

**6045.60—Accounting for Check-Issue Overdrafts and Underdrafts**

As part of the DO's accountability, each DO establishes an "Accounts Receivable, Check-Issue Overdrafts" account. Treasury has designated deposit fund account \_\_X6999, "Accounts Payable, Check-Issue Underdrafts" (with the symbol prefix of the disbursing agency) to record check-issue underdrafts.

**6045.70—Accounting for Collections and Payments Made to Clear Outstanding Differences**

To clear outstanding overdrafts and underdrafts, as appropriate, DOs must do the following:

A. Clear Accounts Receivable. Deposit cash collections received to clear the amount of overdrafts held in accounts receivable for credit in the TGA. Credit the amount of collections to the accounts receivable account. If an undercharge to an appropriation or fund account caused the overdraft and if a supplementary certified voucher charging the appropriation or fund account will clear the overdraft, credit the voucher amount to the accounts receivable account;

B. Clear Accounts Payable. After determining that a payee is entitled to the amount of a check issuance underdraft, certify a disbursement voucher to charge the deposit fund account \_\_X6999. Record the voucher and check issued in the DO's account. Report the voucher and check issued on SF 1219.

If an overcharge to an appropriation or fund account caused an underdraft, certify a SF 1081 or a comparable approved voucher adjustment form to charge the deposit fund account \_\_X6999. Credit the appropriation or fund account involved. Provide a copy of the adjustment form to the administrative agency or office whose accounts are affected; and

C. Clear Subsidiary Account Files. Based on the clearance actions described above, pull the file copy of the journal voucher (paragraph 6050.50) and annotate it with one of the cross-references shown below, as appropriate:

"See Deposit Ticket No. \_\_\_, dated \_\_\_."  
  
"See Check No. \_\_\_, dated \_\_\_."  
  
"See Adjustment Voucher No. \_\_\_, dated \_\_\_."

See paragraph 6050.50 for instructions on handling copies one and two of the journal voucher.

**Contacts**

*Direct inquiries regarding this chapter to the following addresses and indicate the 4-digit check symbol number on all correspondence.*

*For inquiries pertaining to paragraphs 6015.30 (sixth bullet point), 6040.20, 6040.50 and 6045.10.*

Department of the Treasury  
Bureau of the Fiscal Service  
Cash Accounting Branch  
PO Box 1328  
Parkersburg, WV 26106-1328  
Telephone: 304-480-5106

*For inquiries pertaining to paragraph 6035.20:*

Department of the Treasury  
Bureau of the Fiscal Service  
Policy and Oversight Division  
3201 Pennsey Drive, Building E  
Landover, MD 20785  
Telephone: 202-874-6781

*For all other inquiries:*

Department of the Treasury  
Bureau of the Fiscal Service  
National Payment Integrity and Resolution Center  
Operations Support Branch  
13000 Townsend Road  
Philadelphia, PA 19154  
Telephone: 855-868-0151

Chapter 7000

**Cancellations, Deposits, Reclamations, And Claims For Checks Drawn On The U.S. Treasury**

This chapter provides information on policies, procedures, and reports regarding the processing of check reclamations and canceling U.S. Treasury checks that are:

* Stale dated,
* Undeliverable,
* Returned,
* Identified as not received, lost, or stolen,
* Destroyed or mutilated,
* Not payable (payee not entitled), and
* Improperly negotiated

**Section 7010—Scope and Applicability**

This chapter prescribes procedures and forms to be used for:

* Automatically canceling checks drawn on the General Account of the U.S. Treasury,
* Processing undelivered and returned checks,
* Processing claims because of non-receipt, loss, theft, destruction, or mutilation of checks, and
* Processing reclamation on improperly negotiated U.S. Treasury checks

The requirements of this chapter apply to federal entities that do their own disbursing (NTDOs), as well as those serviced by the Bureau of the Fiscal Service (Fiscal Service).

**Section 7015—Authority**

Governing authorities that limit the negotiability, claimability, and reclaimability of U.S. Treasury checks include the following:

* The Competitive Equality Banking Act of 1987; Public Law 100-86, 101 Stat. 552, 657-660, and
* The Debt Collection Improvement Act of 1996 (part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996); Public Law 104-134, and
* 31 U.S.C. §§ 321, 3328, 3331, 3343, 3702, and 3712, and
* 31 CFR Parts 235, 240, and 245.

**Section 7020—Terms and Definitions**

For terms and definitions related to this chapter, please view the [**TFM Glossary**](https://tfm.fiscal.treasury.gov/tfm-glossary.html).

**7025—Limited Payability Cancellation**

The Competitive Equality Banking Act (CEBA) provides that U.S. Treasury checks must be negotiated no later than one year from the date of issuance. In addition, all checks not negotiated are canceled and the proceeds returned to the DO that authorized the issuance of the check. This is known as a limited payability cancellation. U.S. Treasury checks have the legend "VOID AFTER ONE YEAR" printed above the disbursing officer's signature.

Fiscal Service cancels non-negotiated checks that are over 12 months old during the 14th month, and returns the proceeds to the DO that authorized the payment for credit to the appropriation or fund account initially charged.

**7025.10—Reversal of Limited Payability Cancellations**

In some cases, checks are negotiated to financial institutions within one year from the date of issuance, but processing in the FRB system prevents the payment from being applied to TCIS before the limited payability cancellation has occurred. In these instances, Fiscal Service must reverse the limited payability cancellation credit previously provided to the DO by an IPAC transaction and must provide a copy of the paid item to the DO. This transaction is separate from the monthly cancellation credit.

**7025.20—Checks Issued Prior to October 1, 1989**

On November 30, 1990, Fiscal Service identified and canceled all checks issued and not negotiated prior to October 1, 1989. Fiscal Service applied the monies as required by Section 1003 of CEBA, rather than making these monies available to the DO, as with subsequent limited payability cancellations.

**7025.30—Claims Presented to the DO for Obligations**

If a payee presents a claim to a DO for the underlying obligation on a check, the DO must examine its records to see whether an earlier claim or cancellation has been processed. The DO must:

* Determine if the payee is entitled to the payment, and
* Identify the source account from which the funds were originally paid.

The DO may recertify a payment from the appropriation or fund from which the original payment was made (or its successor account).

**Section 7030—Available Check Cancellation Processing**

Returned, undeliverable, or mutilated U.S. Treasury checks in the possession of the federal entity or Fiscal Service are canceled within three business days of receipt by the disbursing office. Exceptions include:

* Checks recovered or returned to the possession of the federal entity or Fiscal Service subsequent to the submission of a UCC,
* Checks involving holder-in-due course claims,
* Mutilated checks when substantial portions of the checks are missing, and
* Stale-dated checks.

The ACC process cannot be used for NTDO issued Treasury checks. An NTDO may void a check or a range of checks, that they have on hand instead of using the ACC process (see [**TFM Volume I, Part 4, Chapter 6000, Section 6040**](https://tfm.fiscal.treasury.gov/v1/p4/c600.html)).

**7030.10—Safekeeping of Returned Checks**

DOs must maintain adequate security and procedures for the safekeeping of all checks returned as undelivered while in the possession of their office pending disposition. At a minimum, they must:

* Open, extract, and deface returned U.S. Treasury checks in the presence of two people,
* Limit access to the area where returned U.S. Treasury checks are processed to individuals assigned the responsibility of processing returned checks, and
* Secure the checks in a locked container, if there is a delay between the time the checks are received and when they are defaced.

**7030.20—Defacing Returned Checks**

The face of each U.S. Treasury check to be canceled is defaced by stamping the legend "Not-Negotiable." The letters of the legend must be of prominent size to remove all possibility of negotiation and must be a color other than black (preferably red).

**7030.30—Transmitting Returned Checks to Fiscal Service**

If the DO determines that checks should be returned to Fiscal Service, it must do so no later than five business days from the date of their receipt. In addition to stamping all returned checks "Not Negotiable," the DO must do the following:

* Mark the checks with the appropriate return reason code (Appendix 2 lists the return codes with definitions), and
* List the checks on a transmittal.

The transmittal at a minimum must show the federal entity name, ALC, and the name and phone number of a point of contact. Two people must verify the transmittal before the DO sends it to Fiscal Service.

Fiscal Service should process U.S. Treasury checks returned from the DO on the day of receipt if at all possible but no later than three days following receipt.

Fiscal Service must:

* Verify that all checks listed on the transmittal are received,
* Sign the transmittal acknowledging receipt,
* Keep a copy of the transmittal for their records, and
* Return the original transmittal to the DO.

**7030.40—Recovered or Returned Checks**

Original checks recovered or returned to the federal entity, NTDO or Fiscal Service subsequent to being processed with a UCC are stamped with the legend "Not-Negotiable, Previously Treated as Canceled-SF 1184 UCC dated \_\_\_\_\_\_\_." These checks must be retained for 90 days and then shredded.

**7030.50—Fiscal Service Check Cancellation through PACER On-Line**

Fiscal Service scans all returned, undeliverable, and checks held by the federal entity for input to PACER On-Line. Data from mutilated checks is manually entered into PACER On-Line. PACER On-Line processes cancellations into TCIS by the overnight batch process. The credit information appears in TCIS the following business day.

**7030.60—Available Check Cancellation File Transmissions Returned Without Credit**

During the PACER On-Line process, ACC requests will be rejected if the checks have already been paid or canceled.

**7030.70—Checks Returned When the Authorizing Federal Entity Is No Longer in Operation**

If the DO receives a returned check for a DO that is no longer in operation, it stamps the check "Not-Negotiable" and forwards it to the successor DO.

**Section 7035—Accounting and Reporting Requirements for Available Check Cancellations (ACCs)**

This section prescribes the requirements and procedures for use by federal entities to account for and report cancellation of available checks.

PACER On-Line file transmissions requesting check cancellation action are transmitted into TCIS for credit. The FPA receives credit from TCIS and passes credit via an SF 1098 (see Appendix 3) to the federal entity's ALC.

**7035.10—Establishment of Liability for Payment of the Proceeds of Undelivered Checks Credited to Disbursing Office Accounts**

A valid liability exists for the amounts of all undelivered checks credited to the DO's accounts for the possible subsequent payment to the payees or their estates upon claim for the proceeds. This liability represents an unpaid obligation. The DO may use customary documentation to establish the obligation and payability in its accounts. The DO must maintain a file on undelivered checks in order to facilitate the prompt processing of claims for the proceeds when presented by the payees or their estates.

**7035.20—Reporting Check Cancellations**

This subsection prescribes canceled check reporting procedures for the CARS Account Statement, SF 1219, SF 1220, and SF 1221.

**7035.20a—CARS Account Statement**

The respective Fiscal Service Payment Center issuing the checks will credit the applicable deposit transactions as reductions in disbursements in the DO’s CARS Account Statement, using the appropriate Business Event Type Code ([BETC](https://www.fiscal.treasury.gov/files/cars/betc-guidance.xlsx)), if the deposit transactions occurred within the same fiscal year. The DO must monitor its CARS Account Statement to ensure the transaction is reported to the correct TAS/BETC, and reclassify any transactions in the CARS CTA Statement, if necessary.

**7035.20b—SF 1219**

Fiscal Service submits a SF 1219 reporting cancellations processed on behalf of federal entities, as a reduction to the amount of disbursements.

**7035.20c—SF 1220/SF 1221**

Disbursing offices, other than Treasury (i.e., NTDOs), must submit a SF 1220 or SF 1221 for foreign currency accounts, along with an SF 1219 or SF 1218, respectively, to report cancellations classified by appropriation, fund, or receipt account.

**Section 7040—Determining the Status of Checks**

For the status of checks dated within a seven-year period, the DO may access TCIS or PACER On-Line.

See Appendix 4 for a list and explanation of the check status codes.

**Section 7045—Non-receipt and Non-entitlement Claims Processing**

This section prescribes the forms and procedures DOs use when requesting action on unavailable checks. These procedures are used when:

* The payee reports non-receipt, theft, loss, mutilation, or destruction of a check, the proceeds of which are due the payee.
* The DO determines that the payee is not entitled to the proceeds of the check.

The procedures in this section do not apply to:

* Lost or stolen blank check stock, see TFM [**Volume I, Part 4, Chapter 5000**](https://tfm.fiscal.treasury.gov/v1/p4/c500.html), subsection 5030.20,
* Holder-in-due course claims, see subsection 7065.20,
* Loss or theft of checks in transit for payment between the FRBs, or from the FRB or certain other financial institutions (see subsection 7065.10), and
* Direct deposit/electronic fund transfers or Fedwire payments.

**7045.10—Unavailable Check Cancellation - Stop Reason/Check Status Inquiry Codes**

Before processing claims from the payee/claimant, the DO must ensure the following:

* The claimant is entitled to the payment.
* A check was previously scheduled for issuance.
* The check is not in the possession of the DO.
* No cancellation or deposit action has taken place previously.

To file a non-receipt claim against a U.S. Treasury check, the DO must submit a UCC on-line through TCIS or via file transmission.

**7045.10a—Stop Reason Code**

DOs use the stop reason codes to advise Fiscal Service of information that assists in determining the adjudication process. See Appendix 1 for a list and explanation of the stop reason codes.

If the check has been paid, a FS Form 3858 (see Appendix 5) is mailed to the DO for UCC stop reason codes A, B, F, or G, and for all Payment Over Cancellation (POC) claims. For stop reason codes C and D, the FS Form 3858 is mailed to the payee/claimant.

**7045.10b—Check Status Inquiry Code**

DOs use the check status inquiry codes K and L solely for obtaining images of paid checks. The check status inquiry codes are not intended to and will not result in credits to the federal entities, nor are they to be used for a claim of non-receipt. Images of paid checks can be viewed and printed from TCIS or PACER On-Line.

**7045.20—Fiscal Service Processing of UCCs**

**7045.20a—Preparation of File Transmission**

The DO is responsible for the accuracy of the payee's name and address. Fiscal Service will reject the UCC if any of the following information is missing or disagrees with Fiscal Service's records:

* For recurring payments, the payee identification number and check date, and
* For vendor and miscellaneous payments, the check issue range or schedule number.

After the DO has verified the UCC file and signed the transmittal, it transmits the file to the Fiscal Service for processing.

The signature on the file transmittal certifies the correctness of the information in the file being transmitted, including the check descriptions, and authorizes Fiscal Service to process the requests.

Upon receipt of the UCC file, Fiscal Service processes the file into PACER On-Line. It consolidates all valid claims, enters them into a sequentially numbered daily UCC file, and transmits the file to TCIS.

The transmission includes the data for each payee or claimant required by Fiscal Service's file specifications. The submitting DO authorizes Fiscal Service to do the following:

* Add the symbol and serial number of the check,
* Consolidate the claims with other UCC submissions, and
* Transmit the UCC records to PACER On-line and TCIS for further processing.

Fiscal Service notifies the DO of the disposition of each claim submitted by a return file or other media.

**7045.20b—TCIS Rejection of UCCs**

TCIS rejects UCC transmissions if the file formats are improperly prepared, incorrect, or unreadable. TCIS returns the UCC file to the DO before processing the file.

If TCIS can read the UCC file but the required data for individual records are missing or inappropriate for the stop reason code selected, then TCIS issues a Daily Advice of Status (DAS) message to indicate that it has rejected the UCC item.

The DAS provides the reason for rejection and advises of the action to be taken. TCIS may generate more than one DAS rejection message for each UCC submission.

**7045.20c—DAS Message**

For every accepted or rejected UCC record processed into TCIS, the DO receives a DAS.

**Note:** The DAS is not an accounting document.

The DAS contains the status date that indicates the date TCIS determined the status of the UCC.

Appendix 6 provides a list of status code messages and explanations.

**Section 7050—Accounting and Reporting Requirements**

This section prescribes information on accounting and reporting requirements for the following:

* UCC credits,
* Limited payability cancellation credits, and
* Payments over cancellations

**7050.10—UCC Credits**

TDO UCC submissions result in credits being provided to the federal entity that authorized the payment, if the check status is "issue outstanding." Fiscal Service returns the UCC credits to the TDO by an SF 1185 schedule.

TRACS transfers NTDO UCC credits to the NTDO's ALCs through IPAC. All TRACS transactions are reported to the NTDO's CARS Account Statement after they are translated to the corresponding TAS/BETC within the Shared Accounting Module (SAM). NTDO's must ensure they have completed a Cash Flow Profile within SAM for TRACS activity so that transactions can be translated with the correct TAS/BETC.

**Note:** TRACS automatically assigns a distinct IPAC bill number for all transactions.

**7050.20—Limited Payability Cancellation Credits**

Treasury checks over 12 months old and not negotiated are automatically canceled during the 14th month and the proceeds returned to the DO for credit to the appropriation or fund account initially charged. TRACS transfers Limited Payability Cancellation Credits to the DO's ALCs through IPAC.

**7050.30—Accounting for Canceled Checks Credited to DO Accounts**

DOs return the proceeds from canceled checks to the account from which the check was originally issued. DOs with annual, multi-year, and no-year appropriation accounts treat the canceled check as an account payable. If the DO determines that the liability is not valid, the funds are available for obligation if the account has not expired.

In cases where the liability is valid but the claim is placed after the appropriation account is closed and the balance canceled, the DO may use up to one percent of its current appropriation by reporting a 46 subclass on the Statement of Transactions or it may seek a re-appropriation.

DOs with un-invested trust, revolving, and deposit fund accounts must follow the procedures in TFM [**Volume I, Part 6, Chapter 3000**](https://tfm.fiscal.treasury.gov/v1/p6/c300.html).

DOs with invested accounts retain funds from canceled checks on their books.

**7050.40—Payment Over Cancellation (POC) Processing**

A POC results when a check previously canceled by a UCC is subsequently presented for payment and accepted upon presentation. When Fiscal Service has sent a cancellation credit to the DO and the check is subsequently negotiated, Fiscal Service, via TRACS debits the DO's account through IPAC for the overpayment. Fiscal Service forwards a FS Form 3858 to the DO for completion by the payee/claimant. Upon receipt of the completed claim, Fiscal Service processes it according to the CFIF guidelines.

**7050.50—IPAC Bill Data File**

TRACS generates an IPAC bill data file reflecting the individual payee or claimant and corresponding check information to accompany the IPAC bill. Credits and charges are listed separately and are not commingled in the same IPAC bill document or IPAC bill data file.

**7050.60—Federal Entity Reporting (IPAC)**

DOs typically use IPAC bills generated from TRACS for reporting (except for TDO UCCs, as described in Section 7050.10, above). The IPAC bill and detail data are available to the DO in real-time on the IPAC website for current month transactions. The detail data remains available to the DO on the IPAC website up to 15 months after the credits and charges are transferred. The detail data must equal the total amount of the IPAC bill. The IPAC bill is documentary evidence that Fiscal Service provided credits or charges. TRACS transactions are automatically reported along with the federal entity’s daily IPAC transactions on a federal entity’s CARS Account Statement each day.

Federal entities may view details of each TRACS transaction by visiting the IPAC website and querying transaction data for their Agency Location Code (ALC), or by viewing their CARS Account Statements. Throughout each accounting period, DOs must monitor their CARS Account Statements for any TRACS activity recorded. TRACS transactions will post to the TAS/BETC that federal entities have requested within their Cash Flow Profiles at the Shared Accounting Module (SAM) and not to the original TAS/BETC included on the original transaction. By the end of each month, DOs must reconcile their CARS activity by TAS/BETC to their internal accounting system of record and reclassify any transactions to the correct TAS/BETC in the CARS CTA Statement, if necessary.

After reporting a credit or charge to the F3880 account on its internal accounting records, the DO must prepare a journal voucher to clear the credit or charge from the F3880 account. The funds are returned to the appropriation or fund account identified by the DO.

Throughout each accounting period, DO must monitor their journal voucher activity recorded on their CARS Account Statements. By the end of each month, federal entities must reconcile their CARS activity by TAS/BETC to their internal accounting system of record, and reclassify any transactions in the CARS CTA Statement, if necessary.

If the journal voucher transferred a credit from the F3880 account to the DO's appropriation or fund account, the DO reports a charge to the F3880 account and a repayment (credit) to its appropriation or fund account. If the journal voucher transferred a charge from the F3880 account to the DO's appropriation or fund account, then the DO reports a credit to the F3880 account and a debit (charge) to its appropriation or fund account.

For more information on the IPAC procedures, you may also visit the Fiscal Service[**IPAC**](https://www.fiscal.treasury.gov/ipac/)website.

Any credit or charge processed after TRACS closes on the last business day of the month, is accounted for in the subsequent accounting month.

**7050.70—Liquidating an Account Receivable**

In instances where the DO re-certified a payment and established an account receivable before receiving a credit from Fiscal Service, the credit serves to offset the receivable. In cases where the DO has not re-certified a payment and established an account receivable before receiving credit from Fiscal Service, the credit restores the amount of the original payment to the account from which it was made and from which any subsequent re-certified payment will be made.

**7050.80—Undisbursed Appropriation Account Ledger**

The net dollar amount entered by the Fiscal Service for the F3880 account is reported on the CARS Account Statement. The ALC 20180009 is listed as the reporting entity. Subsequent statement of transaction reporting, by the DO, to clear F3880 accounts is also shown on the CARS Account Statement with the DO's ALC shown as the reporting entity. For example, when two or more ALCs within one DO's report entries for the same F3880 account, line items reflect both (or additional) ALCs reporting on the CARS Account Statement. See subsection 7050.90 regarding the F3880 account for guidance in obtaining identifying suffixes when more than one ALC is used for the same F3880 account.

To request on-line access to the CARS Account Statement, refer to the [**CARS**](https://www.fiscal.treasury.gov/cars/)website**.**

**7050.90—F3880 "Unavailable Check Cancellations and Over-payments (Suspense Account)"**

The F3880 account is a budget clearing account that holds credit or charge amounts until the DO identifies the correct appropriation or fund. The DO must make every effort to maintain a minimum balance in this account by transferring all monies initially classified in this account to the proper appropriation or fund as expeditiously as possible.

Fiscal Service establishes one F3880 account for each DO. The CARS Account Statement for this account is available on-line after the Monthly Treasury Statement is published. Fiscal Service reports adjustments (ADJ)/reversals (REV) to the DO's F3880 account.

If the DO discovers that Fiscal Service has credited or charged it in error, the DO must contact the Budget Reporting Branch (see Contacts) and provide the facts of the case. It must forward copies of relevant documents, indicating that Fiscal Service must enter an adjusted credit or charge to its ALC's F3880 account. Fiscal Service verifies the information and enters the adjustment to the DO's F3880 account. Under no circumstances should a DO credit or charge any other DO to effect an adjustment.

**7050.90a—Suffixes for the F3880 Account**

The suffix is a maximum of two numeric digits; for example, F3880.10, F3880.20, etc. It is recommended that the DO:

* Obtain suffixes for the F3880 account for the subdivisions that anticipate a high volume of credits or charges, and
* Establish central oversight of low-volume offices.

To request pertinent identifying suffixes for the F3880 account, send a written request to the Budget Reporting Branch (see Contacts). Include the justification for each request, the address for the suffixed F3880 account, and the ALC responsible for the suffixed F3880 account.

The Budget Reporting Branch does not grant suffixes when it determines that the requests are excessive.

**Section 7055—Processing Check Forgery Claims**

Fiscal Service is responsible for authorizing the payment of settlement checks issued to replace checks paid over forged endorsements.

This section prescribes procedures for DOs for settling payee/claimant claims of non-receipt where the original check has been fraudulently negotiated.

Fiscal Service issues a reclamation to the Bank of First Deposit (BOFD) for all such claims.

Fiscal Service pays the claim out of the CFIF to a payee or special endorsee of a U.S. Treasury check the amount of the check, if Fiscal Service determines that the payee or special endorsee has established the following:

* The payee or special endorsee presented a timely claim of non-receipt to the DO pursuant to 31 CFR §245.3.
* The original check was lost or stolen without the fault of the payee or special endorsee, whose endorsement is necessary for further negotiation.
* The original check was negotiated and paid by Fiscal Service on a forged or unauthorized endorsement of the payee's or special endorsee's name.
* The payee or special endorsee has not participated in any part of the proceeds of the negotiation or payment of the original check.

**7055.10—Completing the FS Form 1133**

After examining the check copy, if the payee/claimant denies negotiating the check, the payee/claimant must complete and sign the FS Form 1133 and return it along with the check copy to Fiscal Service. Upon receipt of the FS Form 1133, Fiscal Service's National Payment Integrity and Resolution Center (NPIRC) reviews the claim form for completeness. If the claim form is complete, NPIRC opens a check claim case and begins the adjudication process. To be properly completed, the payee/claimant must answer all questions on the FS Form 1133 and sign where indicated. Both payees must sign if the check is issued to co-payees. Fiscal Service rejects claims not signed by both co-payees. If the payee/claimant signs by mark, the mark must be witnessed in the space provided for witness.

If the FS Form 1133 is not properly completed, NPIRC returns it to the payee/claimant with a letter advising the payee/claimant to complete the area(s) indicated and to return the properly completed form to NPIRC. In instances where the payee admits negotiating the check or does not return the properly completed FS Form 1133, Fiscal Service takes no further action.

**7055.20—Claims Adjudication Process**

The adjudication process begins when a Legal Administrative Specialist (LAS) at NPIRC receives a properly completed FS Form 1133. The LAS sends Claims Disposition Notices (CDNs) to the DO advising of the status of received forgery claims. Several activities take place during the adjudication process, as described below.

**7055.20a—Review of the FS Form 1133 and Supporting Documentation**

The LAS reviews the FS Form 1133 for completeness and analyzes the payee's signature and other information on the FS Form 1133 and any accompanying documentation to determine the validity of the claim.

In adjudicating the claim, the LAS accesses the TCIS Integrated View to obtain additional claims information and check images to aid in the adjudication process.

If the LAS determines that the claim is valid, Fiscal Service settles the claim with the payee or the DO, according to the UCC stop reason code. Fiscal Service makes settlement with the DO on POC checks.

**7055.20b—Review Check Endorsement**

If the LAS determines that the endorsement on the check is similar to the signature on the FS Form 1133, the file may be forwarded to a Document Analyst for handwriting analysis.

If the Document Analyst renders the opinion that the endorsement on the check does not appear to be that of the payee, the LAS may settle the claim based on the Document Analyst's opinion.

**7055.20c—Settling the Claim**

If Fiscal Service determines the payee/claimant was not involved in the negotiation of the check, from the examination of the evidence, including the Document Analyst's opinion and/or the bank's protest, and the payee/claimant did not participate in the proceeds from the check, Fiscal Service settles the claim by initiating a request to issue a check to the payee/claimant or transfers the funds to the DO. Settlement is made based upon reclaiming funds from the BOFD.

**Stop Reason Code A or B—**If the criteria for settlement from the CFIF have been met, Fiscal Service settles with the DO since the federal entity has already issued a replacement check to the payee/claimant. Fiscal Service charges the CFIF and transfers credit to the DO via IPAC. The LAS sends a CDN to the DO with the message "Forgery Established - Treasury is Crediting Your Account." The LAS may request reclamation against the financial institution.

**Stop Reason Code C or D—**If the criteria for settlement from the CFIF have been met, Fiscal Service issues a settlement check to the payee/claimant and charges the CFIF. The LAS sends a CDN to the DO with the message "Forgery Established - A Settlement Check Is Being Issued to the Payee." The LAS requests reclamation action against the financial institution and sends a settlement letter to the payee.

**Stop Reason Code E—**Fiscal Service credits the DO for deceased payee checks after the reclamation credit is received from the financial institution. However, when a UCC is received on a check whose issue amount is $25 or less, and the check is paid, the DO receives a DAS Code 29 with the following message: "Paid-The Issue Amount is $25.00 or Less. No Further Action Will Be Taken." Fiscal Service has determined that it is not cost effective to reclaim on checks for $25 or less.

**Stop Reason Code F or G—**If forgery is substantiated, PFC requests reclamation action against the financial institution. The LAS sends a CDN to the DO with the message "Forgery Established. Claim Valid But Settlement Not Appropriate Based On Your Non-entitlement Code.

**7055.30—Settlement From the Check Forgery Insurance Fund (CFIF)**

The CFIF is a revolving fund established to settle payee/claimant claims of non-receipt where the original check has been fraudulently negotiated. The CFIF ensures that innocent payees/claimants, whose U.S. Treasury checks are fraudulently negotiated, receive settlement checks in a timely manner. A permanent and indefinite source of funding is an integral part of the CFIF that enables Fiscal Service to meet its obligation to payees/claimants of forged checks.

Fiscal Service bars any claim on a U.S. Treasury check unless the payee/claimant presents a claim to the DO within one year from the date of issuance of the check. In addition, the DO must submit the UCC to Fiscal Service within 13 months from the issue date of the check.

**7055.30a—Check Forgery Insurance Fund Act**

The Check Forgery Insurance Fund Act does the following:

* Creates a permanent and indefinite appropriation to adequately fund the CFIF. Fiscal Service uses the CFIF to ensure that recipients, whose checks have been forged and fraudulently negotiated, are promptly issued replacement checks.
* Amends the conditions underlying the issuance of substitute checks under 31 U.S.C. 3331 by authorizing the Secretary of the U.S. Treasury to waive any condition for the purpose of ensuring that claimants receive timely payments.
* Clarifies that the initial burden of establishing a claim for a check paid over a forged endorsement rests with the claimant, and that the Secretary has the discretion to determine whether a claimant has met this burden.
* Eliminates the requirement that check replacement is contingent on whether recovery on a forgery is delayed or unsuccessful. This change is necessary to facilitate the timely issuance of replacement checks to innocent payees and to make it clear that a second payment is not contingent on the government's ability to recover on a forged item.
* Ensures that certifying or authorizing federal entities may provide for the expedited payment of replacement checks and that such federal entities may be reimbursed out of the CFIF by a transfer of funds to the appropriated account, trust fund, or other account.
* Enables the U.S. Treasury to comply with two decisions of the Comptroller General, B-24266 (August 31, 1993) and B-243536 (September 7, 1993), which concluded that the Check Forgery Insurance Fund Act (31 U.S.C. 3343) requires the U.S. Treasury to certify checks issued to replace checks paid over forged endorsements and to charge the CFIF.

**7055.40—Request Reclamation**

If forgery is suspected, Fiscal Service takes reclamation action if the check payment date is less than 18 months old. PFC does not request reclamation for claims on checks for $25 or less. For these claims and claims received after the reclamation period has expired, settlement is made from the CFIF for UCC stop reason codes A, B, C, and D.

Fiscal Service institutes the reclamation action in TCIS, against the financial institution that presented the check for payment.

Reclamation credits are received into TRACS and automatically clear a debit in the CFIF account. If there is no debit in a CFIF account, the credits remain in the suspense account until appropriate disposition is determined.

**7055.50—Claim Denial**

If, from the examination of the evidence, including the LAS's opinion and/or the bank's protest, Fiscal Service determines that the payee/claimant was involved in the negotiation of the check or participated in the proceeds of the check, the claim is denied. Fiscal Service notifies the DO by CDN of the denial of the claim. Any attempts by the DO to collect an overpayment from the payee/claimant must be made in accordance with the Federal Claims Collection Standards (31 CFR Part 900-904).

The LAS sends the payee/claimant a letter denying the claim. The denial letter informs the payee/claimant of the reason for denial and advises the payee/claimant of the right to appeal the denial in writing.

**7055.60—Appeal Process for Denied Claims**

An appeal is the process whereby a payee/claimant seeks review of a denied claim based upon information used by Fiscal Service in the initial decision to deny a claim, or when a claimant seeks a review of the initial denial based on new or additional information not available at the time of the initial denial.

**7055.60a—Filing an Appeal**

Claimants must file appeals in writing and must mail them to NPIRC (see Contacts). The payee must return a copy of the initial denial letter to NPIRC, together with a signed statement and any additional information or documentation for further investigation or consideration upon appeal.

The request for an appeal must include the check and symbol number identified in the denial letter. To be considered, an appeal must be postmarked no later than 60 days following the date on the denial letter.

**7055.60b—Determining the Appeal Decision**

If it is determined that the appeal is valid, the LAS notifies the payee/claimant by letter that the appeal is valid. Settlement is processed in accordance with subsection 7055.20 (CFIF). If it is determined that the appeal is invalid, the LAS upholds the denial and sends the payee/claimant a letter advising that the appeal was denied and of the payee's/claimant's right to file a lawsuit in Federal Court. The LAS sends the DO a CDN advising of the appeal decision.

**7055.60c—Effect of Appeal Decision**

The denial of a payee/claimant appeal serves as the final action on a claim. A payee/claimant may not file a civil suit until the payee/claimant has filed an appeal with Fiscal Service and received Fiscal Service's appeal decision.

**7055.70—Non-receipt of the Settlement Check**

If the settlement check is not received, the payee/claimant must report non-receipt of the settlement check to Fiscal Service. Fiscal Service will initiate tracer actions to determine the status of the settlement check. If the settlement check has not been negotiated (outstanding status), the check is canceled by UCC and Fiscal Service will issue a second settlement check to the payee/claimant or may forward the funds to the DO.

If the settlement check subject to the claim of non-receipt has been paid, Fiscal Service forwards another FS Form 1133 to the payee/claimant for examination. If the payee/claimant alleges forgery of the settlement check, the payee/claimant must complete and return the second FS Form 1133 to NPIRC for adjudication with regard to the settlement check.

**Section 7060—Miscellaneous Claims**

**7060.10—Lost-in-Transit Check Procedure**

Lost-in-transit items are U.S. Treasury checks that have been negotiated and subsequently lost by a financial institution, lost or stolen between the financial institutions, or the financial institutions and the FRB.

The FRB Atlanta, Government Check Adjustment Department handles these items providing that the U.S. Treasury checks are less than one year old.

If the DO or Fiscal Service receive these requests and the checks have not been canceled and are not older than one year, they must return the requests with instructions for the financial institutions to submit them to the FRB Atlanta, Government Check Adjustment Department.

**7060.20—Holder-in-Due Course Claims Procedure**

A holder-in-due course claim occurs when a non-banking institution negotiates a U.S. Treasury check and the check is lost or stolen before being presented for cash or deposit at a financial institution. The claim must be submitted to the Fiscal Service for processing.

**7060.20a—Processing Holder-in-Due Course Claims**

Upon receipt of the holder-in-due course claim, Fiscal Service determines the status of the check.

If the check has been negotiated, Fiscal Service returns the claim with a copy of the check advising the holder that the check has been paid and that no further action is being taken.

If the check has not been negotiated, Fiscal Service forwards an indemnity letter to the holder for completion. When the holder returns the requested information, Fiscal Service ensures that the check is still outstanding.

If the check is still outstanding, the Fiscal Service issues a settlement check to the holder.

**Section 7065—Handwriting Analysis of Checks Older Than One Year for Which UCCs Have Not Been Requested Timely**

Fiscal Service considers handwriting identification and document examination requests on a case-by-case basis when the DO can demonstrate that it has exhausted all available means of adjudication. The requesting DO must pay any cost above the normal administrative handling per diem, such as travel for court testimony. DOs must submit requests for handwriting identification to NPIRC (see Contacts). NPIRC completes requests as time and volume dictate and forwards a reply to the requesting DO.

**Section 7070—Check Reclamations**

Fiscal Service reclaims amounts on improperly negotiated U.S. Treasury checks, as provided for in 31 CFR Part 240.8. When Fiscal Service receives a credit that equals full principal, Fiscal Service forwards the credit to the federal entity that authorized the payment, if the federal entity is holding the receivable. Fiscal Service processes credits daily.

**Section 7070.10—Processing a Notice of Direct Debit (U.S. Treasury Check Reclamation)**

If Fiscal Service determines that a check has been improperly negotiated, it transmits the Notice of Direct Debit (U.S. Treasury Check Reclamation) through the FRB FedMail System to the appropriate presenting bank.

Presenting banks have 30 days from the date of the Notice of Direct Debit (U.S. Treasury Check Reclamation) to pay the full amount of the reclamation before their Federal Reserve master account is automatically debited. However, if the presenting bank protests within 30 days from the date of the Notice of Direct Debit (U.S. Treasury Check Reclamation), the direct debit will not occur. If a presenting bank enters a protest after the direct debit has occurred, and the protest is substantiated, Fiscal Service will refund the presenting bank the amount of the reclamation.

**Section 7070.20—Electronic Transmission of Partial Credits**

The U.S. Department of Veterans Affairs, U.S. Railroad Retirement Board, Internal Revenue Service (IRS), and Office of Personnel Management receive their data via Connect:Direct. The indicator “CP” (Credit Partial) appears in the record layout at position 177 and 178. The summary information is transmitted to these federal entities by an Intra-governmental Payment and Collection (IPAC) credit document.

**Section 7070.30—Abandoned Reclamations**

When appropriate, Fiscal Service notifies federal entities that a reclamation has been abandoned. This would occur if a financial institution's protest is substantiated, or if the financial institution's liability for the reclamation was otherwise deemed inappropriate, and the reclamation had not yet been completed. In addition to the initial notification that a reclamation was abandoned, each month Fiscal Service reports to federal entities reclamations that were abandoned during the accounting month (see Appendix 7).

**Section 7070.40—Reporting to the IRS on IRS Form 1099-C: Cancellation of Debt**

Federal entities are responsible for reporting only the principal amount of their uncollectible receivables to the IRS on IRS Form 1099-C. To assist federal entities, Fiscal Service sends the federal entities a report on the uncollected principal amount of receivables at the end of the calendar year (see Appendix 8) and again at the end of February with any modifications to the data (see Appendix 9).

Fiscal Service reports to the IRS:

* The principal amount of the U.S. Treasury’s uncollectible receivables; and
* Interest, penalty charges, and fees for all uncollectible receivables related to check reclamations.

**Contacts**

Direct requests for budget clearing accounts and identifying suffixes for the F3880 account to:

Department of the Treasury  
Bureau of the Fiscal Service  
Fiscal Accounting  
Budget Reporting Branch  
3201 Pennsy Drive, Building E  
Landover, MD 20785  
Telephone: 304-480-7269

Direct inquiries concerning 8-digit ALC address changes to:

Department of the Treasury  
Bureau of the Fiscal Service  
Fiscal Accounting  
Cash Accounting Branch  
200 Third Street  
Parkersburg, WV 26101  
Telephone: 304-480-5106

Direct inquiries concerning IPAC procedures and accounting issues:

Treasury Support Center  
1421 Dr. Martin Luther King Drive  
St. Louis, MO 63106-3716  
Telephone: 877-440-9476  
Email: [**IPAC@stls.frb.org**](mailto:IPAC@stls.frb.org)

Direct all other requests to:

Department of the Treasury  
Bureau of the Fiscal Service  
National Payment Integrity and Resolution Center  
Customer Service Branch  
PO Box 515  
Philadelphia, PA 19105-0515  
Telephone: 855-868-0151

# Chapter 9000

## Stored Value Cards (SVCs)

This chapter prescribes the policies and procedures governing authorized federal entities’ use of Stored Value Cards (SVCs), sometimes known as “smart cards,” to electronically disburse or otherwise transfer funds. It describes:

* The different types of SVCs administered by the U.S. Department of the Treasury (Treasury), Bureau of the Fiscal Service (Fiscal Service),
* How federal entities implement and participate in an SVC program,
* A participating federal entity’s responsibilities in managing an SVC program, and
* Treasury’s responsibilities in managing an SVC program.

SVCs subject to this chapter include SVCs issued in programs used to support U.S. government operations domestically and overseas, including "EagleCash®," "EZpay," "Navy Cash®," "Marine Cash®,"and other similar programs. Typically, SVCs are used in closed environments.

For additional information about SVCs visit [**TFM Volume I, Part 4A, Chapter 3000**](https://tfm.fiscal.treasury.gov/v1/p4/ac300.html).

#### Section 9010—Scope and Applicability

An SVC is a smart card capable of storing electronic monetary value on the card’s embedded computer chip. In some cases, an SVC also contains a branded debit card feature to process retail transactions or allow the SVC holder to obtain cash at an automated teller machine (ATM) outside the closed environment of the SVC program. Federal entities may issue SVCs capable of having value added on either a “reloadable” or “non-reloadable” basis. Once issued, federal entities and authorized cardholders may add value to reloadable cards via encrypted hardware devices assigned to a federal entity office or installation. As the SVC cardholder adds value to the card, or spends or transfers the value on the card via SVC hardware devices located at retailers or other SVC program locations, the SVC balance changes reflecting the amount spent or transferred to or from the card’s value.

Treasury, typically in partnership with federal entities such as DOD, provides SVC to federal entities to disburse, transfer, and otherwise manage funds in a variety of closed environments. For example, the Departments of the Army and Air Force, and U.S. Marine Corps use the EZPay SVC to provide recruits at military training sites with a pay advance to purchase supplies and services required during military training at the merchant locations on base. The U.S. military uses EagleCash® at bases around the world as the standard means for deployed soldiers, civilians, and contractors to facilitate the movement of funds to and from an SVC holder’s domestic bank account, convert foreign currency, or otherwise obtain needed funds. The Navy Cash® card service is used to replace coins and currency on-board ships, and, because it is a branded debit card, it allows SVC holders to make purchases at merchants who accept the appropriate network(s)’ PIN-based branded debit cards or obtain cash from ATMs that accept branded debit cards when ashore.

A Treasury-designated agent holds the funds for an SVC program in an account established and maintained by Treasury, sometimes referred to as a “pooled” account or “funds pool.”

#### Section 9015—Authority

Treasury designates financial institutions and Federal Reserve Banks (FRBs) to act as depositaries of public monies and financial or fiscal agents for SVC programs pursuant to 12 U.S.C. §§ 90, 265, 266, 391, 1434, 1464(k), and other applicable laws. Treasury designates depositaries of monies pursuant to 31 U.S.C. § 3303 and 31 CFR Part 202. Treasury-designated financial and fiscal agents may perform reasonable duties as required by Treasury.

Federal entities are required to deposit funds in the Treasury or with a Treasury-designated depositary, pursuant to 31 U.S.C. § 3302(c)(1). See [**TFM Volume I, Part 5, Chapter 4100**](https://tfm.fiscal.treasury.gov/v1/p5/c410.html), Section 4120. Treasury disburses federal payments pursuant to 31 U.S.C. §§ 3321, 3322, 3327, and 3332.

#### Section 9020—Terms and Definitions

For terms and definitions related to this chapter, please view the [**TFM Glossary**](https://tfm.fiscal.treasury.gov/tfm-glossary.html).

**Section 9025—Policy, Benefits, and Use**

SVC programs further the Federal Government’s goals to provide timely, efficient, and accurate disbursement and collection services in a secure and convenient way.

To further the goals of the EFT legislation included in the Debt Collection Improvement Act of 1996, federal entities should use SVCs or some other electronic payment mechanism, whenever feasible, to replace or minimize the transfer and disbursement of funds using cash, paper checks, third-party drafts, imprest funds, or other non-electronic payment mechanisms. SVC programs are especially appropriate when alternative electronic mechanisms are not available. They reduce the use of cash and checks in contingency areas of operation where access to on-line commercial payment and collection systems is limited or nonexistent, or can provide an advance of pay to support military training. SVC programs improve a federal entity’s financial controls and cash management capabilities, streamline administrative processes, and provide SVC holders with convenient access to their funds. SVCs may be used to:

* Provide immediate availability of funds to SVC holders, both domestically and abroad,
* Provide SVC holders with convenient, safe access to funds, as well as the ability to use their funds at the numerous places where SVCs are accepted,
* Eliminate interchange fees for transactions, thereby resulting in lowered costs for merchants and cardholders,
* Minimize new trainee recruit processing time by the military,
* Reduce the cost of securing, transporting, and accounting for cash,
* Supplant the use of U.S. currency overseas under certain conditions as determined by the Treasury and the federal entity,
* Provide a fully auditable accounting trail for financial transactions,
* Reduce manually intensive back-end processes associated with scrip, vouchers, meal tickets, money orders, traveler’s checks, and other non-electronic payment mechanism, and
* Reduce exposure to risk of theft and loss of funds.

A federal entity should contact Treasury (see Contacts below) to discuss whether or not its funds transfer and other financial transaction processes could be improved by using SVCs. If so, Treasury and the federal entity can determine the type of SVC program that would best meet the federal entity’s needs and the needs of the federal entity’s constituents.

**Section 9030—Procedures for Federal Entity Implementation of an SVC Program**

Each federal entity determines, in consultation with Treasury (see Contacts below), the funds transfer and/or other financial transaction processes for which an SVC program would be appropriate and the type of SVC that would best meet the federal entity’s needs and the needs of the federal entity’s constituents. To implement an SVC program for any of its funds transfer or financial transaction processes, a federal entity must:

* Enter into an agreement with Treasury. The agreement will describe the terms of the federal entity’s implementation of an SVC program and the respective responsibilities of the federal entity and Treasury for operation of the program, as described in this chapter. In addition, the agreement will specify the type of program and SVC(s) the federal entity will implement, the federal entity’s funding schedule, and the fees and costs to be paid by the federal entity and Treasury,
* Designate an SVC project manager (see subsection 9035.10),
* Designate accountable officers (see subsection 9035.20),
* Establish how the federal entity will implement its SVC program (see Section 9040), and
* Establish a funding system by which the federal entity will deposit funds in an account(s) at a Treasury-designated financial institution (that is, a Treasury-designated depositary and financial agent) to fund all SVCs issued (see subsection 9040.40).

**Section 9035—SVC Project Manager and Accountable Officers**

**9035.10—SVC Project Manager**

Before implementing an SVC program, the federal entity must designate an SVC project manager.

The SVC project manager must manage the SVC program and the activities described in this chapter in accordance with the:

* Agreement between Treasury and the federal entity,
* SVC Standard Operating Procedures (SOPs) and other instructional documents, and
* Program-specific policies and procedures developed by the federal entity in consultation with Treasury.

The SVC project manager:

* Acts as the federal entity’s liaison among Treasury, the federal entity, and other interested stakeholders,
* Provides full support for the SVC program within the federal entity,
* Develops and obtains federal entity approval for the concept of operation and other related plans for the implementation of the SVC program for the federal entity,
* Obtains and maintains the Security Assessment and Authorization (SA&A), Authority to Operate (ATO), or similar approval for the SVC program to access the federal entity’s computer networks so that the SVC program can be deployed and operate as designed,
* Secures federal entity funding approvals necessary for the SVC program,
* Coordinates the federal entity’s implementation of the SVC program,
* Oversees and obtains federal entity approvals for changes to the program,
* Transfers sufficient funds to Treasury, or its financial or fiscal agent, to ensure full funding for the federal entity’s obligations with respect to outstanding SVCs, in accordance with any applicable interagency agreements,
* Maintains accurate up-to-date lists of accountable officers, and
* Along with the federal entity’s accountable officers, complies with other SVC program policies and procedures as described in the agreement, SOPs, and other SVC instructional documents.

The federal entity must specifically identify the tasks for which the SVC project manager is responsible in the agreement between Treasury and the federal entity.

**9035.20—SVC Accountable Officers**

Before implementing an SVC program, the federal entity must designate one or more accountable officers.

The SVC accountable officers must manage the SVC program and the activities described in this chapter in accordance with the:

* Agreement between Treasury and the federal entity,
* SVC standard operating procedures (SOPs) and other instructional documents, and
* Program-specific policies and procedures developed by the federal entity in consultation with Treasury.

Specifically, the SVC accountable officers:

* May issue SVCs and PINs to cardholders,
* Ensure that all enrollment processes are followed when issuing SVCs and PINs to cardholders,
* Account for outstanding SVCs and the funds associated with each SVC, to the extent the SVCs and funds are within the control of the federal entity. These duties include but are not limited to accounting for funds loaded onto accountable official and other federal entity cards that are used in the accountable official’s area of responsibility and assisting in the collection of cardholders’ negative balances while a cardholder is in the accountable official’s area of responsibility,
* Provide instructions to Treasury’s financial or fiscal agent as to the proper allocation of funds among the SVCs that are issued, by account number and, where feasible, cardholder name,
* Maintain accurate, up-to-date inventories of SVC program hardware and equipment, including POS terminals, laptops, kiosks, CADs, SVCs, and other items associated with the SVC program that are delivered to federal entity locations,
* Safeguard SVCs as sensitive items, to the extent the SVCs are within the control of the federal entity (the federal entity is accountable for SVCs issued by the federal entity at SVC-issuance locations), and
* Along with the SVC project manager, comply with other SVC program policies and procedures as described in the agreement, SOPs, and other SVC instructional documents.

The federal entity must specifically identify the tasks for which each accountable officer is responsible. The federal entity should segregate the duties appropriately in accordance with the federal entity’s policies and procedures.

As applicable and appropriate, accountable officers are responsible for the duties and responsibilities of a certifying official or a disbursing official (see [**TFM Volume I, Part 4A, Chapter 3000**](https://tfm.fiscal.treasury.gov/v1/p4/ac300.html)), depending upon the designation of the accountable officer, as set forth in 31 U.S.C. §§ 3322 (disbursing officials), 3325 (vouchers), 3528 (certifying officials), and other applicable laws.

**Section 9040— Federal Entity and Treasury Responsibilities in Managing an SVC Program**

**9040.10— Federal Entity Responsibilities**

Each federal entity must manage its own participation in a Treasury SVC program in accordance with the requirements of applicable federal law, this chapter, the agreement between Fiscal Service and the federal entity (see section 9030), SVC policies, and other governing documents, for example, SOPs. For any given SVC program, a federal entity may elect to distribute SVCs and PINs directly to its cardholders or, alternatively, may ask Treasury to direct Treasury’s financial or fiscal agent to distribute the SVCs and PINs directly to cardholders, as approved by the federal entity. In managing an SVC program in accordance with the agreement, SVC governing documents, and federal entity-specific procedures, the federal entity:

* Ensures appropriate anti-money laundering controls and procedures are in place in order to document the flows of monies onto or off of the card (at federal entity locations),
* Assists Treasury with efforts to collect unpaid balances owed to the funds pool by merchants, SVC holders, and other SVC program participants (other than losses as a result of theft, fraud, or unauthorized use of an SVC). Collection efforts include, but are not limited to, contacting the cardholder, processing wage offsets, and other collection activities,
* Ensures the proper maintenance of SVC program hardware and equipment, including POS terminals, laptops, kiosks, CADs, SVCs, and other items associated with the SVC program that are delivered to federal entity locations,
* Provides SVC cardholders with all disclosures, agreements, instructions, and other communications required by federal laws, regulations, policies, and procedures (see subsection 9040.50), and makes necessary adjustments as these requirements change,
* Complies with Treasury’s and the federal entity’s security and internal control procedures, including but not limited to procedures with respect to lost or stolen SVCs (see subsection 9040.30),
* Manages the federal entity-specific software and hardware certification process,
* Funds the SVCs (see subsection 9040.40),
* Fully supports any updates to SVC hardware, software, and related equipment,
* Provides communication protocols for kiosks and other SVC devices,
* Protects the confidentiality of any Privacy Act, confidential, or nonpublic information provided to the federal entity in connection with an SVC program, when the data is within the federal entity’s custody or control,
* Properly accounts for and reports the funds allocated to SVCs (see Section 9050),
* Ensures the timely and accurate transmittal of transaction processing files from SVC devices (e.g., laptops, POS terminals, CADs, and kiosks) to Treasury-designated financial or fiscal agents, as applicable,
* Pays fees associated with the federal entity’s implementation of the SVC program (see Section 9060),
* Aggressively investigates and prosecutes (or assists in investigations and prosecutions of) end-user theft, fraud, unauthorized use, or other improper use of the SVC service that occurs in federal entity areas of operation and assists in obtaining restitution for the party suffering the loss,
* Compensates the SVC funds pool for losses that result from theft, fraud, unauthorized use, or other improper use of SVC equipment or resources for which the federal entity is responsible, unless the funds pool has been reimbursed from other sources or Treasury determines that such compensation is unnecessary or does not serve the SVC program’s best interests,
* Maintains responsibility for all federal entity and accountable officer SVC functions performed by the federal entity’s contractors (if any). These duties may include, but are not limited to, back-office functions (e.g., obtaining an ATO, generating federal entity documentation for interagency meetings, etc.) and customer-facing functions (e.g., disbursing/finance office functions, etc.) that the federal entity allows a contractor to perform,
* Manages the SVC equipment, inventory and distribution of SVCs to authorized SVC cardholders, except as these duties may be performed by a Treasury-designated financial or fiscal agent at Treasury’s direction,
* Uses the required SVC equipment as designated by Treasury or its financial or fiscal agent,
* Complies with SVC enrollment processes, including the timely, accurate transmittal of required enrollment information and documentation to Treasury-designated financial or fiscal agents, as applicable,
* Trains federal entity employees on proper implementation and management of the federal entity’s participation in a Treasury SVC program, and
* Maintains full accountability of any SVC equipment in their inventory. Treasury, in consultation with the federal entity and as described in the agreement or other governing documents (for example, SOPs), assigns other responsibilities to the federal entity as necessary or desirable for a particular SVC program.

**9040.20— Treasury Responsibilities**

Treasury, either directly or through its designated financial or fiscal agent, assists an federal entity with the implementation and operation of the SVC program(s) for the federal entity. In accordance with the agreement and SVC governing documents, Treasury:

* Provides software and hardware upgrades and enhancements through the Treasury-established change management process,
* Files a Suspicious Activity Report (SAR) with appropriate regulators and notifies law enforcement when there is evidence that the card is being used for an unauthorized purpose, such as money laundering or as a vehicle to commit a financial crime,
* Assists federal entity in certifying the SVC software as required by the federal entity-specific hardware and software certification program,
* Manages the proper distribution of, and accounting for, SVC program funds pools, including residual funds on expired SVCs (see subsection 9040.60),
* Provides financial and other reports on the SVC cards, transactions, and settlement activity,
* Provides SVC hardware and card stock to the federal entity,
* Protects the confidentiality of any Privacy Act, confidential, or nonpublic information in connection with an SVC program, when the data is within the custody or control of Treasury or Treasury’s financial or fiscal agent,
* Provides customer service to the federal entity with respect to the use of SVCs, SVC software, and its systems,
* Provides customer service to all SVC cardholders,
* Trains federal entity personnel on the operation of the SVC program and systems,
* Provides the federal entity with the disclosures and other SVC program information that the federal entity must provide to the SVC holders,
* Designates official and up-to-date points of contact for operations at Treasury and its designated financial or fiscal agents,
* Designates and compensates a financial or fiscal agent to operate the SVC program and manage the SVC funds pool(s),
* Provides a mechanism to transfer funds associated with the SVC program,
* Provides marketing services,
* Assists with the deployment of the SVC program at locations determined by the federal entity in consultation with Treasury,
* Provides hardware delivery tracking reports, which contain information about SVC program hardware shipped to and from federal entity locations,
* Provides timely expense reports and invoices for fees and costs incurred by the federal entity,
* Assists with the efforts of the federal entity and law enforcement officials to investigate and prosecute cases of waste, fraud, or abuse within the SVC program, and to collect restitution for the funds pool when such restitution is available,
* Provides SVC software and documentation to the federal entity, as necessary to implement and manage the SVC program, and
* Establishes a formal process to implement and manage software and other technical changes to the SVC program,

**9040.30—Security and Internal Controls**

The federal entity must establish and implement policies governing security and internal controls with respect to its SVC program in conformance with Government-wide and Treasury policies and procedures. The federal entity must establish and implement controls to protect against:

* Loss, theft, and fraudulent or unauthorized use of SVC equipment, card stock inventories, preprinted forms, and other items used to access SVC systems, when such items are within the custody and control of the federal entity,
* Loss, theft, and fraudulent or unauthorized disclosure of PINs, when PINs are within the custody and control of the federal entity,
* Loss, theft, and fraudulent or unauthorized use of SVCs and SVC hardware in the custody and control of the federal entity or its contractor's illegal use of the card as a money-laundering vehicle,
* Fraudulent or unauthorized use of on-line or off-line SVC software under its control, and
* Other losses caused by theft or fraudulent or unauthorized activities in the federal entity’s implementation of the SVC program.

The federal entity’s procedures must include a process for promptly reporting, and for educating SVC holders on how to promptly report, to Treasury or Treasury’s financial or fiscal agent any loss, theft, or fraudulent or unauthorized use of SVC cards, PINs, passwords, or other security breach or malfunction involving the SVC program.

The federal entity must implement an internal audit process to review and recommend internal controls and safeguards with respect to its SVC program in conformance with Government-wide and the minimum Treasury policies and procedures. Periodically, Treasury and the federal entity review and update the criteria upon which the audit reviews are based.

**9040.40—Funding SVCs**

Each federal entity is responsible for fully funding the SVC funds pool for the total value of SVCs issued or loaded by the federal entity or Treasury’s financial or fiscal agents, in accordance with the agreement between the federal entities or other governing documents (for example, SOPs) for the federal entity’s implementation of the SVC program(s). For value loaded into the SVC program by SVC cardholders at kiosks, the federal entity and Treasury work collaboratively to ensure full collection from the SVC holder (see Section 9030 for information on the MOU).

**9040.50—Disclosure**

The federal entity must provide SVC cardholders with all necessary disclosures as required by law, including but not limited to, disclosures required by Regulation E (12 CFR 1005), if applicable, and as provided to the federal entity by Treasury. Among other things, the disclosures address the SVC cardholders’ responsibilities for protecting the SVC and mitigating damages from loss, theft, and fraudulent or unauthorized use of the SVC. The federal entity must obtain the necessary authorizations from the SVC cardholder, must provide any necessary disclosures, and must facilitate the collection of monies owed to the SVC funds pool by the SVC cardholder at any time after activation of the SVC. The federal entity should consult with the federal entity’s legal counsel to determine any federal entity-specific disclosure requirements associated with a particular SVC program. Treasury and its financial or fiscal agent must review any SVC program disclosures or other forms prepared by a federal entity before being disseminated.

**9040.60—Residual Funds (Escheat)**

Unclaimed balances on an SVC at expiration are identified as residual funds and, if possible, are returned to the cardholder systematically by Treasury’s designated financial or fiscal agent. If systematic return is not possible, the federal entity and Treasury initiate good faith efforts to locate and return residual funds greater than $10 to the authorized SVC cardholder. Should systematic or good faith return not be possible, residual funds greater than one year old are transferred to the Treasury trust fund receipt account “Unclaimed Moneys of Individuals Whose Whereabouts are Unknown” (see 31 U.S.C. § 1322) to be claimed with supporting documentation by contacting Treasury (see Contacts below). Refer to [**TFM Volume I, Part 6, Chapter 3000**](https://tfm.fiscal.treasury.gov/v1/p6/c300.html), for additional guidance on residual funds.

**Section 9050—Accounting Requirements**

Treasury, either directly or through its designated financial or fiscal agents, maintains source data to support each SVC transaction and program expense element. Federal entities comply with Treasury’s applicable accounting requirements with respect to the disbursement and transfer of funds in the SVC program. For example, see,[**TFM Volume I, Part 2, Chapter 3400**](https://tfm.fiscal.treasury.gov/v1/p2/c340.html)regarding requirements for accounting for and reporting on cash held outside of Treasury.

**Section 9060—Payment of SVC Program Costs and Fees**

Federal entities and Treasury pay SVC program fees and costs as described in the agreement between the federal entities (see Section 9030) or otherwise agreed upon in writing, in accordance with federal laws, regulations, and policies. Generally, the federal entity funds the costs of cards, card readers, hardware and software installation, certain software development, federal entity-specific SA&A, ATO (or other similar process), program deployment, marketing materials, and marketing peripherals. Treasury generally funds settlement, transaction processing, customer service, standard software development, reporting, program management, and Treasury certification and accreditation costs. The federal entity and Treasury will execute an agreement to affect the payment of these costs and fees.

The federal entity will pay these costs and fees to Treasury promptly when due.

**Contacts**

Direct inquiries concerning this chapter and stored value card programs to:

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For additional information on SVCs, visit the following websites:

[**Bureau of the Fiscal Service**](https://www.fiscal.treasury.gov/)[**Stored Value Card**](https://www.fiscal.treasury.gov/stored-value-card/)[**EZpay**](https://www.fiscal.treasury.gov/ezpay/)[**EagleCash**](https://www.fiscal.treasury.gov/eaglecash/)[**NavyMarineCash**](https://www.fiscal.treasury.gov/navy-cash/)

For additional guidance for SVC programs used by the U.S. military:

See Department of Defense’s Financial Management Regulation[**(DoD FMR)**](https://comptroller.defense.gov/fmr/)**.**