

4 FAH-2 H-420 CHECKS

(TL:DOH-1; 06-13-2001)

4 FAH-2 H-421 NEGOTIABILITY OF CHECKS

(TL:DOH-1; 06-13-2001)

a. All checks drawn on the Treasurer of the United States must be negotiated within 12 months after the date of issue. Treasury checks issued on or after October 1, 1989, carry the legend VOID AFTER 1 YEAR. The legend serves as notice to a payee and endorser of a general limitation on the payment of government checks. Unnegotiated Treasury checks are canceled 13 months after issue.

b. Checks drawn on foreign bank accounts are, in most countries, valid for one year; in others, for six months; and in some, there is no limitation.

4 FAH-2 H-422 RECEIPT AND VERIFICATION OF PAYMENT DATA

(TL:DOH-1; 06-13-2001)

Payments are made on the basis of a certified voucher received in batch files from the posts. The over-all payment process is effected through use of management control procedures for financial operations and must not be reliant on the USDO review and examination of vouchers.

4 FAH-2 H-422.1 Electronic Certification System (ECS)

(TL:DOH-1; 06-13-2001)

a. ECS must be made available to all posts, where possible.

b. Posts certify vouchers electronically prior to creation of Form SF-1166, Voucher and Schedule of Payments, or Data Telegram (DATEL) output file for transmission to the FSC. When the FSC receives the input file, two disbursing employees with "keys" are required to open the file. The opening of the file by two employees is an internal control, which must be observed and documented.

(1) ECS key custodians at the FSCs issue encryption cards to the post certifying officers (normally the Information Systems Security Office (ISSO)). Cards may not be issued to any State Department employees that are not listed on the official list of designated certifying officers from FMP/F/IFS or to any certifying officers from other agencies that have not been properly designated by their agency. FMP/F/IFS will forward the certifying officers database to the FSCs (for the USDOs and ECS administrators) on a monthly basis.

(2) The key must report any violations of the encryption cards by a certifying officer to the USDO immediately.

c. The FSC establishes and maintains a log for electronic certification actions. The log contains columns for entering the date, time, key one, and key two. If the USDO is responsible for this function at the FSC, the two disbursing employees who decrypt the file will enter the date and time and each will initial in the applicable key one and key two columns. The log will be maintained by fiscal year and will be retained for five.

d. When payments are received from other USDOs via the ECS, the paying USDO must verify that the names of the disbursing file authorizer are on file at the FSC and FMP/F/IFS prior to accepting and decrypting batches from the sending USDO. FMP/F/IFS provides authorization for these sending and receiving disbursing file authorizers.

4 FAH-2 H-422.2 Non-ECS Certification

(TL:DOH-1; 06-13-2001)

The USDO or his designee prior to payment must examine all payments for certification. The USDO must establish a procedure for examining the payments before they are made. If ECS is not available, the FSC must use a valid, General Accounting Office (GAO) approved electronic sampling method to check the accuracy of all payments and ensure the integrity of the disbursing operations.

4 FAH-2 H-422.3 USDO Approvals

(TL:DOH-1; 06-13-2001)

Canceled checks (Forms SF-1098, Schedule of Canceled or Undelivered Checks, and SF-1184, Unavailable Check Cancellation), exchange voucher transactions (Forms OF-234, Exchange Transaction Voucher, and OF-176, Exchange Voucher), currency purchases, and journal voucher adjustments for Budget Clearing Accounts (BCA) accounts (3875 and 3880) are required to be prepared by the USDO and are administratively approved. They are then forwarded to the voucher section

for entry into the system.

4 FAH-2 H-423 CHECK PAYMENTS

4 FAH-2 H-423.1 Obtaining Check Stock for the Daily Payments

(TL:DOH-1; 06-13-2001)

a. A system-generated report identifies the check numbers for each bank for the payment process.

b. The check stock custodian:

(1) Removes the checks from the vault, records the removal in the manual log, and deletes the check numbers from the systems accountable record following the automated system procedures.

(2) Verifies that the beginning and ending check numbers match the check numbers on the system-generated report.

(3) Transfers the checks to the employee responsible for printing the checks.

4 FAH-2 H-423.2 Printing

(TL:DOH-1; 06-13-2001)

a. Regardless of which section at the FSC prints checks (this varies among the FSCs), separation of duties and internal controls must always be considered.

b. Efficient controls shall be exercised over all checks while in the process of preparation. The controls must be designed to protect against loss or theft, to prevent the release of imperfect checks, and to promptly disclose any discrepancy. Inscription machinery shall be selected upon the basis of its capability to draw checks (4-FAH 3 H-343.5).

4 FAH-2 H-423.3 Signing

(TL:DOH-1; 06-13-2001)

a. Each check issued by a USDO must bear either a manual signature, an approved facsimile signature of the USDO, or the manual signature of an officially approved assistant USDO (only the principal USDO will receive a facsimile signature die). Even though the Treasury will accept a manual

signature on a Treasury check, some banks will not. If the assistant USDO manually signs a check, they must be sure that the bank will accept the signature (i.e. signature cards must be on file at the bank).

b. The USDO or designee reviews the checks to verify that all checks are signed and that no checks are missing. A system-generated listing identifies the number of payments made for each bank code. The USDO or designee verifies that the number of checks signed agrees with the list by signing the report. The valid signed checks are passed to the payments supervisor for distribution.

c. The USDO or designee returns the signature die to its secured storage area (safe).

4 FAH-2 H-423.4 Voided, Excess or Damaged Check Stock

(TL:DOH-1; 06-13-2001)

a. Check stock issued that is in excess to the payment requirements (including the header and trailer) or is damaged during the check printing or signing process, are stamped VOID and returned to a person other than the one printing or signing the checks.

b. The check stock custodian verifies that all checks removed from inventory are accounted for as either issued or voided checks. The check stock custodian reconciles the count with the system-generated check report and enters the voided, damaged or excess checks into the automated accounting system.

c. The voided checks are then delivered with an inventory listing to the USDO for disposal. The USDO then destroys the checks by shredding. Shredded fragments must not be larger than ¼ inch in width and 3-1/2 inches in length. The USDO signs the inventory list, confirming destruction of the voided checks

4 FAH-2 H-423.5 Distribution and Mailing

(TL:DOH-1; 06-13-2001)

The procedures for distributing and mailing checks vary among the FSCs. Checks should be separated appropriately and organized for mailing in accordance with the FSC established procedures. Unique or specific requirements for mailing checks should be written and available to all staff responsible for distribution.

4 FAH-2 H-424 EFT PAYMENTS

(TL:DOH-1; 06-13-2001)

EFT payments can only be made by the USDO if the payee has 'signed up' for EFT payments. The USDO should require EFT payments where possible. The payee must provide required bank information and other personal data which is then entered into a 'profile' and assigned a unique code (debtor and/or creditor in the Overseas Financial Management System (OFMS) or payees identification data (PID) in the Account and Disbursing system (A&D)). These codes are used when payment requests are made at the post and must match those in the reference tables at the FSC. Details on these codes vary between USDOs and systems. The USDO must inform their serviced posts of the specific procedural requirements prior to processing any EFT payments for that particular payee.

4 FAH-2 H-424.1 U.S. Dollar EFT Payments

(TL:DOH-1; 06-13-2001)

a. Fedline

(1) Fedline is a personal computer (PC) based electronic delivery system that provides access to the Federal Reserve System, its services, and information. Fedline provides the physical means to transfer funds between the FSC and the automated clearing house (ACH).

(2) The USDO is responsible for establishing and maintaining the controls as specified in the Fedline Security Policy described below.

(a) The information system security officer (ISSO) at each FSC is the local security administrator for Fedline operations at the FSC.

(b) The ISSO will control and assign local user identifications and will coordinate the action required to obtain a host user code and password for each user from the Federal Reserve Bank (FRB).

(c) Following a written request from the USDO, the ISSO will assign the applicable local access controls and access levels to assure that no one person has the ability to load and send a Fedline transaction.

(d) The Fedline system will be configured so that data can only be imported into the system. Such input must be from the FSC official financial system or other duly certified request. Data required to complete reversals or reclamations may be entered directly into the Fedline system, but must follow established procedures and controls (see 4 FAH-2 H-427.3-1 b).

(e) No Fedline transactions will be made without supporting documentation.

(3) Creating the Fedline payments file in OFMS:

(a) Approved vouchers to be paid by EFT are identified by the splitter program which splits the vouchers according to type. During payment authorization, EFT payment records are added to the EFT master file. The EFT conversion job stream will extract these records, then convert them to a format for the receiving records from the financial institution.

(b) The ACDP.003, Standard Payment Prooflist, shows all transactions selected for payment, arranged by payment medium. EFTs included on the prooflist will be added to the EFT master file during payment authorization. Later, the transactions will be extracted and converted to the bank files.

(c) Payment authorization produces five reports, one of which is the EFT confirmation report, ACDP.023, which lists all EFT payments added to the EFT master file.

(d) The ACDP.023 EFT confirmation report should be compared to the ACDP.003 Standard Payment Prooflist to make sure that the payee name, amount of payment, payment ID number, batch ID, and the voucher number match.

(e) Although EFTs are approved and authorized during the payment cycle, the EFT conversion job stream must be run outside of the payment cycle.

(f) A routine in the EFT conversion job program calculates a hash total. The hash total is a number derived from a summation of selected data elements in all records of a bank format file and stands as a unique identifier for the bank format file.

The hash total is a point of comparison in the hash verification program, which is run to ensure that copied data remains intact prior to transmission from the FSC to the receiving financial institution. The PC hash verification program is run after the bank format file has been extracted during the job stream, downloaded to a PC text file, and copied to a diskette. This program verifies that data in the bank format file has remained intact during its download and copy. It reads and stores the hash total on the bank format file, runs a calculation on each individual record, then compares the calculated hash total with the stored hash total.

If the hash totals match, the program creates a transmittable EFT file as output. If the totals do not match, an error message is generated and no output file is created.

(g) Access to the EFT processing menu should be strictly controlled. In OFMS, running the EFT conversion job stream or voiding EFT, originate from the EFT processing menu, which is accessed from the financial management system (FMS) disbursing main menu.

(h) Following the successful running of the PC hash verification program, the FSC computer operator takes the diskette and loads it into a PC with a modem running the Fedline software. The PC running the Fedline software transmits the bank format file to the Federal Reserve Bank (FRB) or other designated ACH. Batches of records defined by payment date and type are recorded in the bank format file.

(4) Creating the Fedline payments file in A&D:

(a) The payment comes in by data telegram (DATEL) and is coded FED. The DATEL system then generates an electronic file which is loaded in the ACH. The file is downloaded from A&D onto a diskette. The diskette is put into the ACH by the communication program unit (CPU) staff and transfers are uploaded. The totals are then checked against the total that has been provided by the system to ensure they match.

(b) Transfers can also be entered manually. The CPU staff has access to generate files in the ACH. After this is done the USDO releases the payments. The manual transactions are verified against documents and when ready to release one is added to the total.

(c) After the payments have been released, reports from the previous day are received from the FRB. These totals are verified with the report on file at the FSC.

NOTE: The USDO password permits the release of payments but not generation and the CPU password permits the generation of payments but not the release.

(5) Fedline security procedures.

(a) Each FSC will establish and follow procedures to document Fedline payments made through the ACH using the ACDP.023 for OFMS or the RAMC/P-70470 for the Paris A&D system. The Fedline payment confirmation (which is usually received two hours after the payment is sent) will become a supporting document for the Fedline payment. An individual who is not involved in either entering or approving the file will review the Fedline transactions on a daily basis. All related documents should be maintained as supporting documentation for the payment.

(b) The person performing the Fedline or other EFT procedure may not process a payment to their own personal account. Another person with system access will make Fedline or EFT payments to the person operating the program. If this is not possible, the ACDP.023 or RAMP/P-70470 should be annotated that the payment is proper and signed by the USDO (or the assistant USDO if the payment is for the USDO).

(c) The USDO will, in cooperation with the ISSO, ensure that two employees are required to complete the process of importing files into Fedline and sending the files to the appropriate bank. One employee and an alternate should be responsible for importing the files into Fedline, and the USDO and an assistant USDO (as the USDO alternate) should be responsible for sending the files to the FRB.

(6) The Fedline batch is REJECTED by the FRB for the following reasons:

- (a) The transmitted file is not an ACH file.
- (b) The control totals do not match.
- (c) The standard entry class code is invalid.
- (d) The service class code is invalid.
- (e) The batch totals do not match the detail records total.
- (f) The transmission was distorted.

(7) Notification of Change (NOC). NOC's correct or change account information in a payment entry the FSC has processed through ACH. NOC's are received through Fedline II as part of the processed incoming messages from the FRB. They should be printed each day and corrections should be processed as soon as possible based on system availability. The standard reason codes used to identify errors are:

- (a) C01 Incorrect Account Number;
- (b) C02 Incorrect Routing Number;
- (c) C03 Incorrect Routing Number and Account No.;
- (d) C05 Incorrect Transaction Code;
- (e) C06 Incorrect Account No. and Transaction Code; and
- (f) C07 Incorrect Routing No., Account No., and Transaction Code.

It is important to remember that the payment that caused the receiving institution to issue the NOC to the FSC contained enough information for the receiving institution to manually process. However, this manual processing caused at least a one business day delay in the receipt of funds by the payee. Processing the NOC will correct FSC maintained records and allow future payments to this recipient to process faster without manual intervention or delay. NOC's should also be passed to the post so that post maintained records can be corrected.

b. Using proprietary bank software for U.S. dollar (USD) EFTs (non-Fedline).

(1) U.S. dollar EFT payments made to U.S. dollar bank accounts overseas cannot be made by Fedline (these are currently only for domestic dollar bank accounts).

(2) The USDO may make U.S. dollar EFTs from their International Treasury General Account (ITGA) account, using software supplied by the bank if supported by the FSC software. (At this time, only USDO Paris has an automated process to make these types of vendor payments. The USDOs in Charleston and Bangkok can make these payments now, but they are very costly and require manual intervention. An automated process for these USDOs will be available shortly.) Normally the receiving bank charges a lifting fee for this service, which must be paid by the vendor.

(3) All U.S. dollar EFT payments must be made in consideration of the strict controls implemented for Fedline EFT payments. The USDO must have established and written procedures with proper internal controls. The ISSO must review these controls once a year during their annual review and report of system internal controls.

4 FAH-2 H-424.2 Local Currency EFT Payments

(TL:DOH-1; 06-13-2001)

EFT local currency payments can only be made if the local bank has the capability to receive batch payments from the USDO. The USDO obtains proprietary software from their local bank, and makes the payments directly from the USDO local currency account. When a new software program becomes available in a country, the USDO makes arrangements for its installation at the FSC.

(1) Each bank's software requires a different file format, so the FSC must modify the local currency output file created by the disbursing system to be compatible with the bank's format.

(2) There must be adequate separation of duties and effective checks and balances for creation and transmission of the EFT local currency payments. This separation of duties should be consistent with the software constraints or capabilities of the local bank.

(3) For every banking software program used to process local currency EFTs, the USDO must establish written procedures (including any required instructions to banks such as faxed confirmations when the file has been sent, etc). The procedures must ensure that internal controls and edits are in place to prevent fraudulent payments from being processed.

4 FAH-2 H-424.3 SWIFT EFT Payments

(TL:DOH-1; 06-13-2001)

The USDOs are moving towards SWIFT as the main form of foreign currency EFT payments. SWIFT, the Society for Worldwide Interbank Financial Telecommunications, is a very secure private intranet between banks. It supplies secure messaging, interface software and 24-hour global support to over 6,000 financial institutions in 164 countries. Each FSC will establish and follow procedures to document payments made through SWIFT. These procedures must take into consideration internal control safeguards.

4 FAH-2 H-424.4 EFTs Made By Remote Check Printings

(TL:DOH-1; 06-13-2001)

a. Some banks are unable to make EFT payments to individual payees but are able to receive an instruction for all individual payments. In these situations, the USDO has made arrangements to send a global instruction to the bank for the total amount of the payments along with a list of all the individual payments. The bank then prints checks for each of the payees on the list and distributes the checks to the payees.

b. For purposes of statistical collection of payment data, each remotely printed check is considered an EFT payment.

c. Each FSC must establish written procedures and controls for transmission where remote check printing is used. Bank reconciliation must be considered when developing a memorandum of understanding (MOU) with the local bank for this service to ensure adequate information on the checks is received back from the bank.

e. The total of all EFT and check payments made should be reported each week in the weekly activity report (WAR). These totals are to be compiled in a quarterly report which is then forwarded to FMP/F/IFS for review.

4 FAH-2 H-425 EMERGENCY PAYMENTS

(TL:DOH-1; 06-13-2001)

a. Introduction.

(1) An emergency is defined as an event that could not be foreseen by the financial management officer (FMO) and in which it is critical that payment be made within 24 hours. All emergency payment requests must be approved by the USDO prior to processing. The request must be made to the USDO via cable and must provide adequate justification, information, and documentation for approval and processing of the payment.

(2) The FSC policy is, in general, not to process emergency manual checks. The process of manually preparing an emergency check requested via cable from the post to the FSC is outside the internal controls provided by the financial system. The time required to prepare, send, and process the payment after receipt of the cable often takes longer than the time required to process the check through the normal system process.

(3) It is, however, recognized that there will be a continuing need for emergency payments. These genuine emergencies should be processed by an EFT or instructions to the USDO's bank to make a payment to the person or company requested by the post. There may be circumstances where recurring payments need to be processed as emergency payments, but these are to be negotiated in advance between the FMO and the USDO. For example, there is a requirement that social security payments for foreign service national (FSN) employees in Santiago, Chile, be made within three days after the amount is known. In such instances, the FMO and USDO should discuss if there are payment methods within the established internal controls of the accounting system.

b. Processing Emergency Manual Checks.

(1) A primary and an alternate manual check writer should be designated within the FSC when it is determined that checks need to be produced manually.

(2) The manual check writer:

(a) Receives the check stock from the check stock custodian.

(b) Verifies that the check stock numbers received agree with the manual check report.

(c) Signs the control form to acknowledge receiving the check stock.

(d) Types the checks using information on the manual check report.

(e) Initials the manual check report to indicate that each check has been prepared.

(f) Proofreads all the manually prepared checks to verify their accuracy.

(g) Presents the completed checks to the payment cycle supervisor.

(3) The USDO:

(a) Receives the manually completed checks from the payment-cycle supervisor.

(b) Verifies that all checks on the manual check report have been produced.

(c) Verifies that all checks received by the manual check writer are entered into the system.

(d) Verifies the accuracy of the manual checks.

(e) Signs the checks.

(f) Enters the manual checks into the automated accounting check stock records.

c. Processing Emergency EFT.

(1) Emergency EFTs are normally made by sending a wire transfer to the cashier, increasing their advance for the amount of the payment. The cashier then makes the emergency payment based on a certified voucher that decreases the cashier's advance appropriately.

(2) The USDO may make emergency EFT payments directly to a vendor if adequate bank information is available. Each FSC must have an established policy on emergency EFTs with procedural guidance. Applicable guidance should be provided to the serviced posts.

(3) There must also be established procedures to ensure the EFT is entered into the system properly and that bank and cashier reconciliation is completed, including all emergency checks.

4 FAH-2 H-426 VOIDING PAYMENTS

(TL:DOH-1; 06-13-2001)

Voided, excess or damaged checks must be returned to the check stock custodian, who verifies that all checks removed from inventory are present or accounted for. The check stock custodian enters the voided checks into the system, then delivers them to the USDO (with an inventory list) for disposal of the checks. The USDO destroys the checks as soon as possible by either shredding or incineration. Shredded fragments must not be larger than ¼ inch in width and 3 ½ inches in length. For additional information on checks voided after processing of daily payments, see 4 FAH-2 H-423.

4 FAH-2 H-427 CANCELING PAYMENTS

4 FAH-2 H-427.1 U.S. Dollar Treasury Check

4 FAH-2 H-427.1-1 Available U.S. Dollar Treasury Check—The USDO

(TL:DOH-1; 06-13-2001)

a. Receives Form SF-1098, Schedule of Canceled or Undelivered Checks, from the post requesting that a check be canceled. The check should be attached and affixed with “NOT NEGOTIABLE—For Payment and Credit in the U.S. Treasury’s Account.”

b. Cancels all available checks within 24 hours of receipt.

c. Requests a refund.

d. Annotates related vouchers or payment records with the reason for the cancellation.

e. Notifies post of the cancellation. Post will prepare another certified voucher to process payment.

f. Prepares a journal voucher to refund the funds to the original accounting data.

4 FAH-2 H-427.1-2 Unavailable U.S. dollar Treasury Check—The USDO

(TL:DOH-1; 06-13-2001)

a. Telegraphically receives Form SF-1184, Unavailable Check Cancellation, from post or notification from payee that a check has not been received, is lost, or stolen.

b. Determines status of check through the payment, claims and enhanced reconciliation (PACER) system that the check has been negotiated, and a digital image is furnished of the check with the payee's signature. If the check has not been negotiated, a stop payment is processed and Treasury issues a refund through the on-line payments and collections (OPAC) system.

c. Prepares a journal voucher to transfer the refund to the original accounting data after receipt of the hard copy of the OPAC refund for the non-negotiated check.

d. Notifies post when stop payment is processed. If the check has not been paid and the proceeds are still due the payee, post initiates a new voucher containing the same information.

4 FAH-2 H-427.2 Local Currency Check

4 FAH-2 H-427.2-1 Available Local Currency Check—The USDO

(TL:DOH-1; 06-13-2001)

a. Receives a request from the post requesting that a local currency check be canceled. Treasury Form SF-1098, Schedule of Canceled or Undelivered Checks, is not required, but necessary information to complete the cancellation must be submitted. The check should be attached and affixed with "NOT NEGOTIABLE."

b. Obtains related vouchers or payment records with information on the original payment. Prepares a journal voucher to return the funds to the original accounting data.

c. Cancels all available checks within 24 hours of receipt. Keeps a logbook of all canceled local currency (LCU) checks.

d. Notifies post of the cancellation. If post wants to reissue the check, they will prepare another certified voucher to process payment.

4 FAH-2 H-427.2-2 Unavailable Local Currency Check—The USDO

(TL:DOH-1; 06-13-2001)

a. Notifies the bank, in writing, to stop the payment when notification is received that a local currency check has been lost, stolen, or otherwise needs to be canceled. The form of the stop payment request should be in conformance with the local bank's prevailing practices.

b. The stop payment request can be sent directly to the bank by the USDO or sent to the post for presentation to the bank. The USDO may also delegate in writing to a post the authority to request the stop payment. In this situation, a letter signed by the USDO to the bank giving this authority to the post to cancel checks issued on their bank account is required. If post requests a stop payment, the USDO must be notified immediately.

c. The stop payment request should ask for a confirmation that the check has not been paid and that a stop payment is in effect.

d. Initiates a journal voucher to refund the funds to the original accounting data after the stop payment confirmation is received or the check becomes available. The available check is stamped "CANCELED" and retained in a file for three years.

e. Notifies post when stop payment is processed. The post initiates a new voucher if the check has not been paid and it appears that the proceeds are due the payee.

4 FAH-2 H-427.3 EFT Cancellations

4 FAH-2 H-427.3-1 U.S. Dollar EFT

(TL:DOH-1; 06-13-2001)

a. Fedline payment cancellations:

(1) Once an EFT has been processed by the USDO, it cannot be canceled. Normally, this type of reject is received by the USDO within 24 hours of transmission. However, if the USDO is notified that the EFT was unsuccessful (rejected by the receiving bank), the EFT is returned to the USDO with a reason code. The USDO then credits the amount of the EFT back to the post appropriation and advises that corrective action must be taken prior to reissuing the EFT. To maintain the integrity of the processing system, the USDO cannot change data within the EFT.

(2) If a payee has not received payment within three working days of the time the voucher was submitted by the post, the post should contact the USDO. The USDO first reviews its records to determine if the payment was made through Fedline. If the FRB verifies that the payment was not returned or canceled, the USDO or their designee should contact the bank to verify the following information:

- (a) Person making the call;
- (b) Schedule number;
- (c) Financial institution;
- (d) File submission date;
- (e) Payment amount and date;
- (f) Payee name and account number; and
- (g) Trace Number.

(3) If the financial institution returned the payment, the FRB will return the payment to the FSC. In this case, the USDO initiates Form SF-1098 to cancel the payment

(4) If the financial institution indicates that there is no record of the payment, the USDO contacts the FRB to verify whether or not the payment was sent to the financial institution. If the FRB sent the payment, the USDO contacts the financial institution to resolve the claim. If the FRB did not receive the payment, each payment will be handled on a case-by-case basis until the problem is solved.

b. Fedline reversals:

Reversal: Once an entry or file is deposited into the ACH system, it cannot be recalled. However, if a duplicate or erroneous file has been deposited, the file can be reversed. The USDO should immediately contact the FRB for instructions. A single entry can be reversed using Fedline or you may contact the receiving financial institution and request they return the funds.

c. By bank proprietary software (non-Fedline)

(1) As with USD EFTs, once an EFT has been processed by the USDO, it cannot be canceled. Normally, this type of reject is received by the USDO within 24 hours of the transmission. However, if the USDO is notified that the EFT was unsuccessful (rejected by the receiving bank), the EFT is returned to the USDO with a reason code. The USDO then credits the

amount of the EFT back to the post appropriation and advises that corrective action must be taken prior to reissuing the EFT. To maintain the integrity of the processing system, the USDO cannot change data within the EFT.

(2) If a payee has not received payment within four working days of the time the voucher was submitted by the post, the post should contact the USDO. The USDO first reviews its records to determine if the payment was transmitted to the bank. If the USDO records show that the payment was made to the bank, the USDO or his designee should contact the bank to verify that the payment was not returned or canceled. The following information should be verified with the bank.

- (a) Person making the call;
- (b) Schedule number;
- (c) Financial institution;
- (d) File submission date;
- (e) Payment amount and date; and
- (f) Payee name and account number.

(3) If the bank returned the payment, the USDO initiates the payment cancellation in the system.

(5) If the bank indicates that there is no record of the payment, the USDO should resolve the claim. Each payment will be handled on a case-by-case basis until the problem is solved.

4 FAH-2 H-427.3-2 Local Currency EFT

(TL:DOH-1; 06-13-2001)

a. By bank proprietary software—Local currency EFT cancellations should be handled the same as for the U.S. dollar EFT cancellations made through bank proprietary software (4 FAH-2 H-427.3-1).

b. By SWIFT—SWIFT cancellations should be handled the same as U.S. dollar EFT cancellations made through bank proprietary software (4 FAH-2 H-427.3-1 d. (1)).

4 FAH-2 H-427.4 Fraudulent or Altered Checks (Forged)

4 FAH-2 H-427.4-1 U.S. Treasury checks

(TL:DOH-1; 06-13-2001)

a. When Treasury receives a check that is printed for an amount different from the reported amount on Form SF-1179, Month End Check Issue Summary, tape, Treasury issues an FMS Form 5206, Advice of Check Issue Discrepancy, report and forwards it to the USDO. Immediately upon receipt of the FMS Form 5206, the USDO determines what amount the check was issued for and contacts FMP/F/IFS for assistance.

b. If it is determined that the Treasury check was forged, the USDO should complete the claim form TFS-1133 (see TFM appendix 1, 4-8000-25) in accordance with 4 FAH-2 H-427 and forward it to FMP/F/IFS, Disbursing Oversight Office. FMP/F/IFS will advise the USDO when approval is given to reissue the settlement check. The USDO is authorized to charge account 20x4109, (US Treasury Check Forgery Insurance Fund) for the amount after approval of the claim.

c. If Treasury makes a recovery of the forged check through its reclamations process, Treasury will credit the account to which the settlement check was charged (20x4109). The USDO will be advised if further action is required.

4 FAH-2 H-427.4-2 Local Currency Checks

(TL:DOH-1; 06-13-2001)

a. If a local currency check is altered, the USDO will immediately place a stop payment with the local currency bank and obtain a copy of the check.

b. The USDO should send a letter (telex) to the bank asking for credit to the account in the amount of the fraudulent check. The letter should explain how the check was altered and how it was discovered.

c. If the bank agrees to credit the account, the USDO should then issue the check from the credit. If they do not agree, the bank must send a letter to the USDO stating their refusal to credit the account.

d. The USDO is authorized to charge account 20x4109 (US Treasury Check Forgery Insurance Fund) for the amount of the forged check if the procedures below are followed. The check should not be outstanding more than one full fiscal year following the fiscal year in which it was issued.

(1) Obtain a copy of the TFS Form 1133 (one can be found on page 4-8000-25 of the TFM appendix 1).

(a) Change address at the top of the form page 1 to read (applicable FSC address vice Treasury)

(b) Type the complete name and current address of the claimant in the address area.

(c) Insert the payee's name and complete address as shown on the paid check, the check number, date of issue, and the amount of the check in the boxed space.

(d) Change wording on line 12 (first line after item 3) to read FSC address vice Treasury.

(e) Delete from last paragraph "by the United States Secret Service"

(f) Change signature block at bottom right from director, operations division to disbursing officer, to applicable FSC.

(2) Forward the form to the vendor (payee) and request the vendor answer all the questions and return the form back to the disbursing officer. If the claimant does not reply to TFS Form 1133 within 90 days, the FSC should consider the case closed.

(3) Disbursing officer should forward a copy of the voucher and all supporting documentation under a cover letter explaining the circumstances to FMP/F/IFS, disbursing oversight.

(4) FMP/F/IFS will review the documentation and approve or disapprove the claim based on completeness of the required documents.

(5) Upon approval, the USDO will notify the post that they may issue a settlement check to the owner and charge account 20x4109 ("United States Treasury Check Forgery Insurance Fund.").

(6) The settlement check must be made payable in the same currency as the original check. The check should be issued with the current date and information in the lower left corner identifying the original check as follows:

Issued in lieu (or in settlement) of Check No. _____
Date _____ Drawn by _____

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

(7) All documentation on the check reissue must be submitted to Treasury within 24 hours of issuing the check. Documentation should be sent first to FMP/F/IFS for forwarding to Treasury. Treasury maintains the complete file on items charging account 20X4109.

(8) All charges to account 20X4109 must be reported by the disbursing officer on Form SF-1221, Statement of Transactions According To Appropriations, Funds, And Receipt Accounts (Foreign Service Account).

4 FAH-2 H-427.5 Expired Check

4 FAH-2 H-427.5-1 USD Treasury Check Limited Payability Cancellation

(TL:DOH-1; 06-13-2001)

a. The process by which Treasury automatically cancels a government check that remains outstanding 12 months after the date of issuance. Limited payability was established by Title X of the Competitive Equality Banking Act of 1987, Pub. L. 100-86, and applies to all Treasury checks dated October 1, 1989, and after.

b. Treasury will cancel Treasury checks issued by the USDO that are not cashed within one year. (Thus, a check issued on 04/24/1997 expires on 04/24/1998.) The cancellation will not occur on the exact one-year anniversary date of the check. Rather, Treasury will allow approximately 30 days after the one-year anniversary date for the check to clear the FRB. When a check becomes 13 months old, it is automatically canceled.

c. Treasury checks canceled because of limited payability are refunded to the USDO. Treasury refunds the amounts of the canceled checks to FMP/F/IFS through the OPAC system. FMP/F/IFS transmits (usually by fax) the OPAC statement to the USDO for preparation of a journal voucher to return the funds to the original obligation.

d. When no claim has been presented within three years from the date of the check, the agency should return the funds to Treasury through Form SF-2108, Year-end Closing Statement, (Treasury General Account 20X3220). See TFM Bulletin 9-03 for further details.

4 FAH-2 H-427.5-2 Local Currency Check Limited Payability Cancellations (Uncurrent Or Stale Dated)

(TL:DOH-1; 06-13-2001)

a. The laws of the host country determine limited payability for local currency checks. Limited payability varies by country. In most countries, checks are valid for one year; in others, for six months; and in some, there is no limited payability

b. The USDO should review the checks in transit each month to identify those outstanding more than 6 months. Those that are more than 6 months outstanding should be listed by bank. If the checks become invalid locally before 6 months, cancellation in the system should be initiated earlier. If they are legally invalid after 12 months, and there are a substantial number of checks cashed in that country between 6-12 months, the USDO can wait to cancel them in the system until 12 months. If the legal life is longer than 12 months, they should still be canceled in the system so excess funds are not kept in the local bank unnecessarily. A letter is then sent to the bank, through the post, requesting a stop payment (for countries where the check may be valid after they are canceled in the system). If post does not have the checks on hand, the checks should be canceled using Form FS-440, Statement of Depository Account And Report Of Checks Drawn. This results in the reporting of more accurate cash accountability to Treasury on Form SF-1218. The USDO prepares a journal voucher to credit the Treasury account 20x6045 (TFM4-8050.40a) for the amount of uncurrent checks being canceled. These checks may be reissued later against this account if a request is made (see 4 FAH-2 H-427.5-3 for procedures). By crediting this account rather than the original appropriation, it ensures that the USDO does not credit a closed obligation and that post's accounting records are correct since the services were already received for the payment.

c. The USDO must maintain a list of all checks credited to 20x6045. The following information should be included for each check.

- (1) Date;
- (2) Number of check;
- (3) Name of payee;
- (4) Amount of check, foreign currency; and
- (5) Amount of check—USD equivalent at time of issue.

d. When Regional Financial Management System (RFMS) is put into production these procedures will change and the funds will be returned to the original appropriation.

4 FAH-2 H-427.5-3 Claims Against A Canceled Check

(TL:DOH-1; 06-13-2001)

a. If a payee has an expired check and wants to make a claim against it, they should return the expired check to the USDO that authorized the payment.

b. For U.S. Treasury checks, valid claims against checks canceled by Treasury may be resubmitted to the post that originated the payment, or the USDO if the post is unknown. See 4 FAH-2 H-622.2 for details.

c. For local currency checks, valid claims against checks canceled by the USDO as uncurrent should be submitted to the USDO. The USDO reviews the list of checks canceled to 20x6045 to determine if the check in question was canceled to this account. If it was, the USDO authorizes, in writing, the post to reissue the check against the 20x6045 account. The USDO must annotate on the original list of checks canceled to 20x6045 that this check was reissued against the account.

4 FAH-2 H-428 AND H-429 UNASSIGNED