



Treasury Financial Manual

Transmittal Letter No. 592

Volume I

To: Heads of Government Departments, Agencies and Others Concerned

1. Purpose

This transmittal letter releases I TFM 4-3000: Third-Party Draft Procedures for Imprest Fund Disbursing Activities. This chapter prescribes third-party draft procedures for imprest fund disbursing activities performed by the Department of the Treasury and agencies.

2. Page Changes

Remove

Table of Contents for Volume I

Table of Contents for Part 4

I TFM 4-3000

Insert

Table of Contents for Volume I

Table of Contents for Part 4

I TFM 4-3000

3. Effective Date

Upon receipt.

4. Inquiries

Direct questions concerning this transmittal letter to:

Cash Management Policy and Planning Division
Financial Management Service
Department of the Treasury
Liberty Center Building, Room 420
401 14th Street, SW.
Washington, DC 20227
Telephone: 202-874-6590

Date: August 3, 2000

Richard L. Gregg
Commissioner

Part 4—Chapter 3000

THIRD-PARTY DRAFT PROCEDURES FOR IMPREST FUND DISBURSING ACTIVITIES

This chapter prescribes third-party draft procedures for imprest fund disbursing activities performed by the Department of the Treasury (Treasury) and agencies.

Section 3010—Background

On November 9, 1999, Treasury published the Imprest Fund Policy Directive (Policy Directive) on the imprest fund website at www.fms.treas.gov/imprest. This Policy Directive replaces the previous imprest fund policy contained in this chapter. It also requires that Federal agencies eliminate imprest funds by October 1, 2001. After October 1, 2001, agencies may make Federal payments from an imprest fund only if they meet the waiver criteria described in the Policy Directive. Agencies may:

- Obtain a copy of the Policy Directive and supporting documentation, including a fact sheet and frequently asked questions from the imprest fund website at www.fms.treas.gov/imprest.
- Call the Cash Management Policy and Planning Division at 202-874-6590 for information.

The updated Manual of Procedures and Instructions for Cashiers (Cashier's Manual) includes the operational guidance previously contained in this chapter. See the updated Cashier's Manual at www.fms.treas.gov/imprest.

The procedures prescribed herein for third-party drafts remain in effect until Treasury publishes a policy directive on the use of third-party drafts and other draft instruments.

Section 3015—Authority

Title 31 U.S.C. 3321 (formerly Executive Order 6166) and 3322 authorize the chief disbursing officer, Treasury, and other officers and employees to whom disbursing functions have been delegated to perform certain disbursing functions.

Section 3020—Third-Party Drafts

Third-party drafts are acceptable alternative payment mechanisms for imprest fund transactions where payment by electronic funds transfer (EFT) has been waived under Management of Federal Agency Disbursements; Final Rule (EFT rule), 31 Code of Federal Regulations (CFR) 208. See the website at www.fms.treas.gov/eft for the EFT rule. The third-party draft system offers agencies improved internal management controls. It also provides an effective cash management method for reducing the outstanding imprest fund balances currently required by agencies.

Treasury encourages agencies to investigate the cash management and internal control benefits provided by a third-party draft system to determine its applicability and cost effectiveness within the particular agency. Each agency must obtain a contractor to provide the service.

Treasury does not require that agencies submit Optional Form (OF) 211: Request for and Designation of Cashier, or a substitute agency form, to change or establish an imprest fund because Government funds are not being disbursed. Therefore, any agency-approved official can issue third-party drafts. Also, unlike true imprest funds, the issuing official is not personally liable but is administratively accountable. A Federal agency using third-party drafts must issue procedures to:

- Ensure that agency personnel take corrective action when they make administrative errors.
- Handle claims for lost or stolen payment instruments.

3020.10—Amount Limitations

Each agency establishes the maximum amount for which it will issue third-party drafts. However, the face value of each draft must not exceed \$10,000, and this limitation must be printed on the face of the draft. An agency requiring a draft amount limit higher than \$10,000 must request a waiver. It must send a request for waiver detailing the benefits and savings to the Director, Cash Management Policy and Planning Division, for review and approval (see the Contacts page). Third-party drafts issued for routine imprest fund payments remain at the current \$2,500 limit.

3020.20—Reimbursement

Agencies reimburse contractors for cleared payment instruments based on the payment issued data. Per the EFT rule, unless waived in accordance with 31 CFR 208.4 guidelines, the required method of payment is EFT.

Agencies may not place funds on deposit with a contractor for “drawdown” reimbursement. If there is a discrepancy between the cleared payment instrument and the payment issued data, the agency adjusts the questioned amount against a subsequent payment to the contractor, if both agree an error has occurred. The contractor’s technical proposal must provide procedures for these adjustments, and the agency must establish procedures for handling any such disagreements.

Under the contract, the agency reimburses the contractor for cleared payment instruments paid from the contractor’s funds. The specific terms of the contract govern these payments.

Agencies may not redeem third-party drafts for cash. Also, agencies must issue third-party drafts for the exact payment amount.

Agencies must mail third-party drafts, as long as internal controls are in place, to avoid duplicate payments to vendors. They are responsible for all administrative costs associated with utilizing the third-party drafts.

3020.30—Liability

The contractor must agree to pay payees and amounts as instructed by the agency. The payment instruments issued under agreed-upon procedures (proper authorizations provided to the contractor) constitute such instructions.

The agency reimburses the contractor in full for all properly payable instruments the contractor paid. A properly payable instrument:

- Is issued over the genuine signature of an authorized payment agent per agreed-upon procedures.
- Bears a genuine or authorized indorsement.
- Has no alterations.

The agency is liable only for the original amount of any altered payment instrument.

The agency will not honor a payment instrument with a forged or unauthorized indorsement. Treasury regulations under 31 CFR 240, Indorsement and Payment of Checks Drawn on the United States Treasury, govern proper indorsements. If a forged or unauthorized indorsement is discovered after the agency pays the contractor, the contractor refunds the amount of the payment instrument. The contractor must make the refund before any charge back to the cashing financial institution and without penalty interest or charges to the agency.

All payment instruments must bear a legend stating the payee agrees to refund the agency any erroneous or improper payment upon demand.

Under 31 U.S.C. 3528, agency certifying officers must ensure that all reimbursements to the contractor are proper. The agency must establish sufficient internal controls to permit the certifying officer to make prompt reimbursements, while exercising reasonable diligence in reviewing the contractor’s request for reimbursement.

Contacts

Direct inquiries concerning this chapter, and related imprest fund inquiries, to:

Cash Management Policy and Planning Division
Financial Management Service
Department of the Treasury
Liberty Center Building, Room 420
401 14th Street, SW.
Washington, DC 20227
Telephone: 202-874-6590

Direct electronic inquiries to imprest.inquiry@fms.treas.gov, or fill out an inquiry form available at www.fms.treas.gov/imprest.

PART 4 - DISBURSING**Table of Contents**

Chapter	Section	Title
1000		INTRODUCTION
	1010	Introduction
	1015	Authority
	1020	Changes in Disbursing Service
	1025	Contacting Treasury Regional Financial Centers
	1030	Standard Forms
		Contacts
		Appendix
		Treasury Regional Financial Centers
1100		DELEGATIONS AND DESIGNATIONS OF AUTHORITY FOR DISBURSING FUNCTIONS
	1110	Scope and Applicability
	1115	Authority
	1120	Definition of Terms
	1125	General Form Instructions for Delegation and Designation of Authority
	1130	Reorganizations
	1135	Head of Agency Delegation (HOA)
	1140	Delegations of Designation Authority
	1145	Designation of Certifying Officer
	1150	Designation of Electronic Certification System (ECS) Security Administrator
	1155	Designation of ECS Data Entry Operators
	1160	Designation of Designated Agent to Receive and Deliver Checks
	1165	Designation of Check Custodian, for Blank Treasury Check Stock
	1170	Designation of Encryption Officers for Treasury Telecommunications Systems
	1175	Designation of ASAP Authorizing Officials and/or Financial Officials
	1180	Use of FMS Form 210ECS
	1185	Use of FMS Forms 210RC, 210RD, and 210RS
		Contacts
		Appendices
		1. FMS 2958: Delegation of Authority
		2. FMS 2958A: Delegation of Authority (ASAP)
		3. FMS 210: Designation for Certifying Officer
		4. FMS 210A: Designation for ASAP Authorizing Official and Financial Official
		5. FMS 210C: Designation for Check Custodian
		6. FMS 210D: Designation for Agent to Receive & Deliver Checks
		7. FMS 210DEO: Designation for ECS Data Entry Operator
		8. FMS 210E: Designation for Encryption Officer
		9. FMS 210ECS: ECS User Designation form

10. FMS 210S: Designation for ECS Security Administrator
11. FMS 210RC: Receipt for ECS Certifying Officer Token/PIN
12. FMS 210RD: Receipt for ECS Data Entry Operator ID
13. FMS 210RS: Receipt for ECS Security Administrator Token/PIN
14. FMS210RX: Order/Receipt for FedSelect Blank Check Stock

2000

PAYMENT ISSUE DISBURSING PROCEDURES

2010	Scope and Applicability
2015	Authority
2020	Control Over Disbursements
2025	Basic Disbursement Requirements
2030	Standard Form Vouchers
2035	Information to be Furnished on Vouchers
2040	Certification and Approval of Vouchers
2045	Payments From Basic Vouchers
2050	Payments from Treasury Electronic Certification System Voucher and Schedule of Payments
2055	Payments from Paper SF 1166, Voucher and Schedule of Payments
2060	Payments from SF 1166-EDP, Voucher and Schedule of Payments
2065	Foreign Currency Payments
2070	Furnishing of Enclosures or Inserts With Treasury Checks
2075	Restricted Delivery of Checks
2080	Designating Agents to Receive Salary Checks
	Contacts

Appendices

1. SF 1166: Voucher and Schedule of Payments
 SF 1167: Voucher and Schedule of Payments (Continuation Sheet)
 SF 1166-EDP: Print Layout SF 1166-EDP Voucher and Schedule of Payments (Computer-generated)
2. SF 1166: Voucher and Schedule of Payments
 Explanation of Items to be Reported on SF 1166 Scheduled for Payment in Foreign Currency
 SF 1166: Voucher and Schedule of Payments
 Explanation of Items to be Reported on SF 1166 Scheduled for Payment When the Precise Equivalent to be Paid in Foreign Currency is Not Known
 SF 1166: Voucher and Schedule of Payments
 Explanation of Items to be Reported on SF 1166 Scheduled for Payment to a Payee in an Excess or Near-Excess Currency Country When Payment Must be Made in U.S. Dollars
 SF 1166: Voucher and Schedule of Payments
 Explanation of Items to be Reported on SF 1166 Scheduled for Payment When the Amount Payable in Foreign Currency is Limited by Law
3. Insert Specifications, Packing, and Shipping Instructions for Tabulating Cards
4. List of Restricted Countries Designated in 31 CFR Part 211
5. List of Foreign Assets Control Regulations Referenced in 31 CFR Part 211

3000

Third-Party Draft Procedures for Imprest Fund Disbursing Activities

3010	Background
3015	Authority

3020 Third-Party Drafts
Contacts

4500

GOVERNMENT PURCHASE CARDS

4510 Authority
4515 Policy and Use
4520 Definition of Terms
4525 Agency Procedures
4530 Refund of Contractual Costs
4535 Review and Approval of Billing Statement for Payment
4540 Electronic Commerce
Contacts

5000

REQUISITIONING, PREPARING, AND ISSUING TREASURY CHECKS

5010 General
5015 Submission of Disbursing Officers' Signature Specimens and Designation
of Assistants
5020 Specifications and Characteristics of Treasury Checks
5025 Requisitioning Treasury Checks
5030 Safekeeping and Control of Blank Check Stock
5035 Drawing and Inscribing Treasury Checks
Contacts

Appendices

1. GPO Form 2431: Print Order
2. Packaging Units and Shipping Weights of Blank Treasury Checks by
Kind of Assembly
3. Definition of Secure Room

6000

CHECKING ACCOUNTS WITH THE UNITED STATES TREASURY

6010 Scope and Applicability
6020 Checking Account Symbol Maintenance
6025 Check Issue Reporting
6030 Reporting of Documents by Disbursing Officers
6035 Spoiled Checks
6040 Control Checks
6045 Voided Checks
6050 Checking Account Reconciliation Reports and Adjustments by the Financial Management
Service
6055 Check Issue Adjustments by Disbursing Offices
6095 Inquiries

Appendices

1. SF 1179: Month End Check Issue Summary
2. FMS Form 5206: Advice of Check Issue Discrepancy
3. OF 1017-G: Journal Voucher

6500**MAGNETIC TAPE CHECK ISSUE AND REPORTING LEVEL 8**

6510	Scope and Applicability
6515	Authority
6520	Issue Reporting for Level 8
6530	Conversion Testing Process for Level 8
6540	Tape Reporting Requirements for Level 8
6550	Disbursing Office Responsibility for Magnetic Tapes
6595	Inquiries

Appendices

1. Sample Tape/Transmittal Structure
2. Standard Issue Transmittal Header Record
3. Standard Issue Record
4. Standard Issue Transmittal Trailer Record
5. Magnetic Tape Control Record

7000**CANCELLATIONS, DEPOSITS, AND CLAIMS FOR CHECKS DRAWN ON THE UNITED STATES TREASURY**

7010	Scope and Applicability
7015	Authority
7020	Definition of Terms
7030	Automatic Cancellation of Available Checks
7035	Special Processing of Undeliverable Checks in the Possession of Disbursing Offices and Agencies
7040	Claims for Undeliverable Checks
7045	Procedures for Depositing Available, Canceled, and Undelivered Checks
7050	Treasury Regional Financial Center Cancellation of Available Checks by Magnetic Tape
7055	Accounting and Reporting Requirements for Available Check Cancellations and Undelivered Check Deposit Transactions
7060	Unavailable Check Processing
7065	Filing a Claim
7070	Accounting and Reporting Requirements for Unavailable Check Cancellations and Related Transactions
7080	Holder-In-Due-Course Claims Procedures
7095	Inquiries

Appendices

1. SF 1098: Schedule of Canceled or Undelivered Checks
2. SF 1184: Unavailable Check Cancellation Explanation of Items to be Indicated on SF 1184: Unavailable Check Cancellation Magnetic Tape Format
3. List of Stop Reason Codes
4. FMS 1133: Claim Against the United States for the Proceeds of a Government Check
5. FMS 3864: Agency Recertification Follow-Up
6. Batch Control Sheet (SF 1184)
7. FMS 3875: Out-Of-Balance Notice
8. Tape Capture Report (SF 1184 Tape Capture Output Report)
9. FMS Daily Advice of Status
10. Status Codes/Messages for Subsequent Treasury Communications Cross Reference Chart of Status Codes/Messages Provided to Agencies

11. Explanation of Codes/Messages on Daily Advice of Status (DAS) and Claims Documents (FMS 3858)
When Treasury Will Reject a Subsequent SF 1184 Submission on the Same Check
Action to be Taken on Rejected Subsequent SF 1184 Submissions
12. SF 1081 EDP: Voucher and Schedule of Withdrawals and Credits
13. SF 1081 Listing
14. FMS 1185: Schedule of Unavailable Check Cancellations and Credits
15. FMS 3858: Claims Document (Four Parts)
Page 1 Claims Document (Payee)
Page 2 Claims Document (Agency)
Page 3 Payee Instructions
Page 4 Claim Against the United States for the Proceeds of a Government Check
16. FMS 1133: Modified Claim Against the U.S. for the Proceeds of a Government Check
17. FMS 3859: Claims Disposition Notice
18. Worksheet for Monthly SF 224 Report for SF 1081 Only
19. FMS 6653: Undisbursed Appropriation Account
20. Holder-In-Due-Course Claim

7100

CHECK RECLAMATIONS

- 7110 Scope and Applicability
- 7115 Authority
- 7120 Definition of Terms
- 7125 Check Reclamations
- 7130 Interest, Penalty Charges, and Administrative Fee
- 7135 Collection Action
- 7140 Electronic Transmission of Partial Credits
- 7145 Reclamation Reports
- 7150 Reporting to the Internal Revenue Service and IRS Form 1099-C
Contacts

Appendices

1. Aging Reclamations Report
(Agency) (18 Through 23 Months)
2. Aging Reclamations Report (Agency) (24 or More Months)
3. Reclamation Collection Actions Completed (Agency) Under 18 Months
4. Abandonment Notice to Agencies
5. Agency Receivables for IRS Form 1099-C Reporting
6. Corrected Agency Receivables for IRS Form 1099-C Reporting

8000

DESIGNATED DEPOSITARY CHECKING ACCOUNTS

- 8010 Introduction
- 8020 Checks, Check Issue Records, and Deposit Information
- 8030 Voided and Spoiled Checks
- 8040 Check Issue Adjustments by Disbursing Offices
- 8050 Cancellation of Depository Checks
- 8060 Undeliverable Checks Drawn on Designated Depositories
- 8070 Claims on Account of Nonreceipt, Loss, Theft, Destruction, Mutilation, or Forgery
of Depository Checks
- 8080 Periodic Transfer of Proceeds of Uncurrent Checks
- 8085 Monthly Depository Bank Statement

8090 Closing of the Bank Accounts
8095 Inquiries

Appendix

Forms Prescribed for Designated Depository Checking Accounts

9000

FOREIGN EXCHANGE

9010 Scope and Applicability
9015 Authority
9020 Definition of Terms
9030 Designated Depositories
9040 Foreign Exchange Transactions for Official Purposes
9045 Cashing Checks and Other Instruments in Foreign Countries for Accommodation
Purposes
9050 Acquisition of Foreign Exchange
9060 Rate of Exchange for Expenditures and Accommodation Exchanges
9070 Collections and Interest on Deposits
9075 Disbursements
9080 Excess and Near-Excess Currencies
9090 Gains and Deficiencies
9095 Inquiries

10000

DELEGATION OF DISBURSING AUTHORITY

10010 Authority
10015 Standards for Delegating Disbursing Authority
10020 Delegated Disbursing Authority Document
10025 Authorities of Treasury's Chief Disbursing Officer
10030 Responsibilities and Liabilities of the Agency with
Delegated Disbursing Authority
10035 Oversight Requirements
10040 Termination of Delegated Disbursing Authority
Contacts