



Treasury Financial Manual

Transmittal Letter No. 673

Volume I

To: Heads of Government Departments, Agencies, and Others Concerned

1. Purpose

This transmittal letter releases revised I TFM 4-7100: Check Reclamations. This chapter provides information to Federal Program Agencies on policies, procedures, and reports issued by the Financial Management Service regarding the processing of check reclamations.

2. Page Changes

Remove

I TFM 4-7100 (T/L 625)

Insert

I TFM 4-7100

3. Effective Date

This transmittal letter is effective immediately.

4. Inquiries

Direct questions concerning this transmittal letter to:

Reclamation Branch
Check Resolution Division
Payment Management
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 700D
Hyattsville, MD 20782
Telephone: 202-874-7770
Email: sandra.walls@fms.treas.gov

Date: March 16, 2012

David A. Lebryk
Commissioner

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Part 4 – Chapter 7100

CHECK RECLAMATIONS

This chapter provides information to Federal Program Agencies (FPAs) on policies, procedures, and reports issued by the Financial Management Service (FMS) regarding the processing of check reclamations.

Section 7110—Scope and Applicability

FMS is responsible for reclamation of funds on improperly negotiated U.S. Treasury checks. This chapter includes reports and guidance FPAs use to track and monitor the check reclamation process.

Section 7115—Authority

The applicable regulations governing this chapter are:

- 31 Code of Federal Regulations (CFR) Parts 5 and 240, and 4 CFR Parts 101-105 (Federal Claims Collection Standards);

AND

- 31 United States Code 3302 (b).

Section 7120—Definition of Terms

Administrative Fee—A fee assessed to cover administrative costs incurred as a result of delinquent debt.

Administrative Offset—The withholding of money payable to a financial institution or held by the U.S. Federal Government to satisfy a debt the financial institution owes the U.S. Federal Government.

Check—A check drawn on the U.S. Treasury.

Delinquent Debt—An overdue debt, including administrative fees, interest, and penalties, that a presenting bank owes as a result of the reclamation that is not paid within 60 days from the date on the reclamation ticket.

Direct Debit—A process that debits the financial institution's Federal Reserve master account for the full amount of the reclamation on the 31st calendar day, provided the financial institution has not submitted a protest and has not paid the reclamation by an authorization before the 30th calendar day from the reclamation date.

Financial Institution—Any bank, savings bank, savings and loan association, Federal or State chartered credit union, or similar institution.

Interest—A charge assessed when a debt is considered delinquent for 60 days. The interest rate assessed is that of the current value of funds to the U.S. Treasury; that is, the U.S. Treasury tax and loan rate.

Partial Credit—A credit for funds received on check reclamations that do not cover the total outstanding balance of principal, interest charge, penalty charge, and administrative fee.

Penalty—A charge assessed after a debt is delinquent for more than 90 calendar days. The rate is set at 6 percent per annum.

Receivable—A debt owed to the U.S. Federal Government.

Reclamation—A demand made by the U.S. Treasury for refund of the amount of a check payment.

Reclamation Date—The date that the Notice of Direct Debit (U.S. Treasury Check Reclamation) was prepared.

Section 7125—Check Reclamations

FMS reclaims amounts on improperly negotiated U.S. Treasury checks, as provided for in 31 CFR Part 240.8. When FMS receives a credit that equals full principal, FMS forwards the credit to the FPA, if the FPA is holding the receivable.

FMS forwards partial credits received to the FPA with an indicator that the credit is partial. FMS continues collection action and forwards the balance to the FPA when received. FMS processes credits daily.

Section 7130—Interest, Penalty Charges, and Administrative Fees

Interest on any unpaid reclamation starts accruing on the 61st day after the reclamation date. FMS also assesses an administrative fee at that time. FMS calculates the administrative fee per the

requirements of the Federal Claims Collection Standards.

FMS charges a penalty on any reclamation that remains delinquent over 90 calendar days. FMS may refer any reclamation that is unpaid for 120 calendar days after the reclamation date for administrative offset. If interest, penalty charges, and administrative fees were collected, FMS deposits those charges and fees monthly into the U.S. Treasury's General Account 20A8183. FMS's Accounts Branch reports the activity for the accounts on the SF 224: Statement of Transactions.

Section 7135—Collection Action

FMS continues collection action on check reclamations until the balance outstanding becomes \$25 or less, or all collection steps have been attempted and the cost of further collection would likely exceed the amount to be recovered.

FMS does not terminate collection action if a protest or legal issue is pending resolution. FMS refunds any

amount recovered on FPA receivables to the FPA.

Section 7140—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 agencies by an Intra-governmental Payment and Collection (IPAC) credit document.

Section 7145—Abandoned Reclamations

FMS notifies FPAs that a reclamation was abandoned. In addition to the initial notification that a reclamation was abandoned, each month FMS reports to FPAs reclamations

abandoned during the accounting month (see Appendix 1).

Section 7150—Reporting to the IRS on IRS Form 1099-C: Cancellation of Debt

FPAs are responsible for reporting only the principal amount of their uncollectible receivables to the IRS on IRS Form 1099-C. To assist FPAs, FMS sends the FPAs a report on the uncollected principal amount of receivables at the end of the calendar year (see Appendix 2) and again at the end of February with any modifications to the data (see Appendix 3).

FMS 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 questions concerning this chapter to:

Reclamation Branch
Check Resolution Division
Payment Management
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 700D
Hyattsville, MD 20782
Telephone: 202-874-7770
Email: sandra.walls@fms.treas.gov

Appendices Listing

App. No.	Title
1	Abandonment Notice to Agencies
2	Agency Receivables for IRS Form 1099-C Reporting
3	Corrected Agency Receivables for IRS Form 1099-C Reporting

REPORT ID:	CCTRR359	FINANCIAL MANAGEMENT SERVICE	
DATE PREPARED:	MMDDYY	FINANCIAL INFORMATION	PAGE: X
ACCTG PERIOD:	MMYY	TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM	
ALC:	00001700	ABANDONMENT NOTICE TO AGENCIES	
AGENCY NAME:	DEPARTMENT OF DEFENSE	FOR THIS MONTH THROUGH: MMDDYY	
ADDRESS:	DEFENSE FINANCE AND ACCT SERVICE		
	CLEVELAND CENTER REC BR		
	DFAS-CL/JFRA		
	1240 EAST NINTH STREET		
	CLEVELAND, OH		
	44199		

CHECK SYMBOL NUMBER	CHECK SERIAL NUMBER	CHECK ISSUE DATE	RECL AMOUNT	PAYEE NAME	PAYEE ID	ABAND AMOUNT	REA CDE*	AGENCY REF NUM (SF-1184)
9999	460200NN	MMDDYY	40.00	LAURA LAMONTE	100231231123	89.72	78	R460RECLAMATIONS 2000

NUMBER OF ABANDONED ITEMS FOR THIS ALC: 1

TOTAL ABANDONED AMOUNT FOR THIS ALC: 89.72

KEY REASON CODE (REA CDE) DEFINITIONS ARE AS FOLLOWS:

- 13 - RECLAMATION TERMINATED - CHECK DEPOSITED TO PAYEES ACCOUNT
- 14 - RECLAMATION TERMINATED SECRET SERVICE REPORT
- 15 - RECLAMATION TERMINATED - FAMILY INVOLVEMENT
- 23 - UNABLE TO REGENERATE RECLAMATION TO CORRECT BANK - STATUTE OF LIMITATIONS EXPIRED PREVENTING RECOVERY
- 25 - RECLAMATION TERMINATED - AGENT CASHIER/CHECK NEGOTIATED BY AGENCY
- 44 - RELEASE OF CLAIM RECEIVED
- 45 - RECLAMATION TERMINATED - (BANK CEASED OPERATION - NO FDIC)
- 47 - WRONG DATE OF DEATH
- 50 - STATUTE OF LIMITATIONS EXPIRED PREVENTING RECOVERY
- 51 - AGENCY REQUESTED RECOVERY ON WRONG CHECK
- 53 - DECEASED PAYEE - BANK/PAYEE REFUNDED MONEY TO AGENCY
- 77 - FUNDS UNCOLLECTIBLE - ADMIN COST EXCEEDED THE PRINCIPAL AMOUNT
- 78 - FUNDS UNCOLLECTIBLE - ALL COLLECTION ACTIONS HAVE BEEN ATTEMPTED
- 79 - RECLAMATION TERMINATED - PAYEE INVOLVED IN NEGOTIATION
- 80 - RECLAMATION TERMINATED PER AGENCY REQUEST
- 87 - COSTS OF FURTHER COLLECTION ACTIONS WILL LIKELY EXCEED THE AMOUNT THAT COULD BE RECOVERED
- 89 - RECLAMATION TERMINATED ON ADVICE OF LEGAL COUNSEL

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REPORT ID: CCTRR658 FINANCIAL MANAGEMENT SERVICE
DATE: PREPARED: MMDDYY FINANCIAL INFORMATION PAGE: X
ACCTG PERIOD: MMYT TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM
ALC 28045300 AGENCY RECEIVABLES FOR IRS FORM 1099-C REPORTING
AGENCY NAME: SOCIAL SECURITY ADMINISTRATION FOR TAX YEAR ENDING 12/31/YY
ADDRESS: MID-ATLANTIC PROGRAM SERVICE CENTER
CHIEF, DEBT MANAGEMENT BRANCH
3000 SPRING GARDEN STREET
PHILADELPHIA, PA
19123
EIN: 20-1212123
BANK NAME: BANK OF SAIPAN
ADDRESS: PO BOX 690
SAIPAN, MARIANA ISLANDS,
MP 96950

PAYEE ID NUMBER	CHECK SYMBOL NUMBER	CHECK SERIAL NUMBER	RECLAMATION TICKET NUMBER	PRINCIPAL AMOUNT ABANDONED	RECLAMATION DATE
R9099888	9999	43004352	1000001	30.00	MMDDYY

EIN TOTAL AMOUNT: 30.00

TOTALAMOUNTFORALC: 30.00

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REPORT ID: CCTRR659 FINANCIAL MANAGEMENT SERVICE
 DATE: PREPARED: MMDDYY FINANCIAL INFORMATION PAGE: X
 ACCTG PERIOD: MMYT TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM
 ALC 28045300 CORRECTED AGENCY RECEIVABLES FOR IRS FORM 1099-C REPORTING
 AGENCY NAME: SOCIAL SECURITY ADMINISTRATION FOR TAX YEAR ENDING 12/31/YY
 ADDRESS: SOUTHEASTERN PROGRAM SERVICE CENTER
 CHIEF, DEBT MANAGEMENT BRANCH
 PO BOX 380580
 BIRMINGHAM, AL
 35283

BANK NAME: FIRST HAWAIIAN
 ADDRESS: PO BOX 3200
 HONOLULU, HI 96847

<u>EIN</u>	<u>PAYEE</u> <u>ID NUM</u>	<u>CHECK</u> <u>SYMBOL</u> <u>NUMBER</u>	<u>CHECK</u> <u>SERIAL</u> <u>NUMBER</u>	<u>RECLAMATION</u> <u>TICKET</u> <u>NUMBER</u>	<u>PRINCIPAL</u> <u>AMOUNT</u> <u>ABANDONED</u>	<u>RECLAMATION</u> <u>DATE</u>
10-1010101	BIM3233	9999	42004101	1000001	11.25	MMDDYY
EIN TOTAL AMOUNT:	10-1010101				11.25	
TOTAL AMOUNT FOR ALC:	28045400				11.25	

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