



U.S. Department of Justice
Federal Bureau of Prisons

PROGRAM STATEMENT

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Check Cancellation – FPI

/s/

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1. PURPOSE AND SCOPE

To establish policies and procedures to follow when requesting cancellation of U.S. Treasury checks, or status queries, and when processing claims for non-receipt, loss, theft, mutilated or destroyed checks, and the disposition of non-negotiable checks.

The U.S. Department of the Treasury, Bureau of the Fiscal Service, implemented the Treasury Check Information System (TCIS), an electronic information system. This system is accessed at the Central Office level and allows Federal Prison Industries (FPI or trade name UNICOR) to retrieve information pertaining to payments made by check or Electronic Funds Transfer (EFT). The system can be used to:

- Determine the status of payments.
- Request check cancellation.
- Initiate claims.
- Retrieve, view, and print digital images of negotiated checks.

FPI must use TCIS to facilitate responses to vendor inquiries and cash management initiatives. In addition, procedures have been established for erroneous payments made to vendors.

a. Summary of Changes

Policy Rescinded

P8532.07 Check Cancellation - FPI (08/07/2001)

This revision of the Program Statement includes the following changes:

- Updates the U.S. Treasury systems and information used in check processing.
- Clarifies the posting model for reconciliation of cancelled checks.

b. **Program Objectives.** The expected results of this program are:

- The process for canceling checks will be consistent throughout FPI.
- All returned U.S. Treasury checks will be recorded and accounted for in accordance with U.S. Department of the Treasury regulations.

c. **Institution Supplement.** None required. Should local facilities make any changes outside the required changes in the national policy or establish any local procedures to implement the national policy, the local Union may invoke to negotiate procedures or appropriate arrangements.

2. RESPONSIBILITIES

- The Disbursement Officer ensures that the procedures in this Program Statement are performed properly and efficiently.
- The Business Manager is responsible for notifying the Disbursement Officer of claims for non-receipt of payment.

3. CHECK CANCELLATION

U.S. Treasury checks issued for paying FPI obligations are canceled automatically one year after issuance, if not cashed. However, the U.S. Treasury may cancel checks upon request, after a status determination. A status determination may be requested by submitting an unavailable check action to the U.S. Treasury. In addition, if a check is available and requires cancellation, it must be sent to the U.S. Treasury Regional Finance Center responsible for that disbursement.

4. UNAVAILABLE CHECKS

An unavailable check action must be initiated for checks that are unavailable or not in the possession of FPI or the U.S. Treasury, when one of the following circumstances arises:

- The payee reports a check's non-receipt, mutilation, destruction, loss, or theft.
- It is determined that the payee is not entitled to the check's proceeds.

a. **Unavailable Check Action.** The unavailable check action is used to determine the payment status of a check that is not in FPI's or U.S. Treasury's possession and/or to request a photocopy, if the check has been paid.

The Business Manager or designee must submit a request for an unavailable check action to FPI's Financial Management Branch (FMB) Disbursement Officer, email ID "Central Disbursement." The request must contain adequate information to process it through TCIS, including:

- Payee (recipient) name and address.
- Vendor number.
- Tax Identification Number (TIN).
- Vendor payment number (i.e., 15XXXXXXXX).
- Amount of check.
- Date of payment.
- Reason codes (see following list):
 - **Code A – Re-certified.** The payee reported the check's non-receipt, loss, theft, destruction, or mutilation. The check was not endorsed. The payee is entitled to the proceeds and payment has been re-certified before the original check's status is known.
 - **Code D – Entitlement.** The payment will be re-certified after the original payment's status is determined.
 - **Code E – Death.** The payee died before the check was issued and the payee's estate is not entitled to the check's proceeds.
 - **Code F – Non-entitlement.** The payee is not entitled to all or part of the check's proceeds.
 - **Code G – Lost/Stolen – Endorsed.** The payee reported the check was endorsed and then lost or stolen. The payee is entitled to the proceeds. Re-certify the second payment after the original payment's status is determined.
 - **Code K – Photocopy.** A photocopy of the check is required for administrative purposes. There are no indications of non-receipt, loss, theft, or other evidence that the payee's claim for a check is involved.
 - **Code M – Status.** To determine the payment status only. A photocopy is not required. No claim is involved.

- **Code U – Legal incapacitation.** The agency determines the payee is no longer legally entitled to the check's proceeds.

If the TIN number cannot be obtained from the vendor master, the applicable location must obtain this information from the vendor prior to submitting the request. In addition, the location obtaining the information must send the correct information to the Automated Clearing House (ACH) Coordinator in Central Office requesting that the vendor master be updated. However, staff vendors (employees) are exempt from this requirement.

Upon receiving the request, the Disbursement Officer or designee must process the request via TCIS within two (2) business days. Either U.S. Treasury or FMB will notify the applicable location after a status determination has been made.

b. **Available Checks.** An available check is one that is physically in the **possession of FPI or a vendor** (the vendor has notified FPI of the possession) and is still negotiable. Upon occasion a vendor may receive a check in which one of the following situations may occur:

- Vendor not entitled to the proceeds.
- Duplicate payment.
- Holder/payee not the same (check issued in the wrong name).

Under any of these circumstances the staff member first notified of the situation must request the vendor return the check immediately to the following address:

UNICOR
Attn: Central Disbursement
Financial Management Branch, 8th Floor
400 First Street, NW
Washington DC 20534

All checks returned to Central Disbursement must be defaced with the words:

“Not Negotiable - For Payment and Credit in the U.S. Treasury’s Account.”

5. ERRONEOUSLY DEPOSITED CHECKS

If it is determined that a vendor was not entitled to a check's proceeds, but the vendor has already deposited the check into its bank account, reimbursement is required. The vendor must be instructed to reimburse FPI for the amount of the check issued.

Payment must be received by the Central Disbursement Section at the address referenced in Section 4.b. The reimbursement may be in the form of a personal check or money order made payable to UNICOR or FPI. Cash must never be accepted.

FPI Central Accounts is responsible for depositing all personal checks or money orders received from vendors for reimbursement daily. A Deposit Ticket is completed in the Over the Counter Channel web application (OTCnet), and a copy sent with checks via overnight mail to the following address:

U.S. Bank
Las Vegas Cash Vault
Mail-In TGA LM-NV-LVCS
823 Pilot Road, STE F
Las Vegas NV 89119

6. RECONCILIATION AND CHECK RE-ISSUANCE.

If the stop reason code annotated on the unavailable check action is an **A, D, E, F, G, or U**, as listed in Section 4.a., U.S. Treasury will credit the amount of the check to FPI's appropriation. Treasury will notify the Central Disbursement Section of all Treasury checks canceled via the "Schedule of Canceled or Undelivered Checks by Email."

The Disbursement Officer or designee must prepare a journal voucher within one (1) business day after notification from the U.S. Treasury of canceled checks or ACH payments. The journal voucher must be submitted to the Disbursement Officer for entry into the integrated payment system. The following general ledger accounts are used:

Debit 212000, Disbursements in Transit
Credit 299000, Canceled Checks and EFT

In addition, the Central Disbursement Officer or designee must notify the applicable location(s) by email of all canceled checks, requesting re-establishment of the payable using the transaction "How to Process an Invoice Without a Purchase Order or Receiving Report," in the integrated payment system. The email must include the following information:

- U.S. Treasury schedule number and date.
- System payment run ID and date.
- Vendor name and dollar amount.

However, prior to re-establishing the payable, the applicable location must verify the vendor payment information (banking information, mailing address, etc.). The General Ledger Account 299000, Canceled Checks and EFT, must be processed by debiting the General Ledger Account the return was posted to and crediting the vendor account. The word "REISSUE" must be annotated in the "assignment" field in FPI's financial information system and on any supporting documentation.

7. OUTDATED CHECKS

All checks returned to FPI that are more than one year old and no longer negotiable must be stamped with the word "VOID." When a confirmed receipt of the Limited Payability Cancellation credit is obtained, the check must be shredded.

8. CLAIMS FOR NON-RECEIPT OF PAYMENT

The payee must submit claims for non-receipt of payment to the FPI location responsible for purchasing the goods or services. Each claim must be a written request for canceling the original check and reissuing the proceeds. In addition, the request must include the following pertinent information:

- The reason for which the check was drawn.
- Whether the check was received and lost, stolen, destroyed, mutilated, endorsed by the payee, or had a limited endorsement such as "for deposit only."
- The circumstances surrounding the check's loss, theft, destruction, or mutilation.
- Present address and signatures of claimant(s).

Upon receiving a claim, the Business Manager must review and determine the request's validity. Therefore, the following information must be ascertained prior to submitting a request for an unavailable check action:

- Was the payee entitled to the payment?
- Had a check been previously issued?
- Does another FPI location possess the check?
- Had FPI previously canceled or deposited the check?
- Has the check been deposited by the vendor?

Once the Business Manager has verified the claim, the request for an unavailable check action must be submitted to the FMB, Central Disbursement Section.

Vouchers for payment may be re-certified or the check “replaced” based on the circumstances of the original check’s non-receipt, loss, theft, destruction, or mutilation. However, if this option is taken, the “replacement” check will be issued against FPI’s appropriation and not the U.S. Department of the Treasury, Operations Division Check Claims (ODCC).

9. ELECTRONIC FUNDS TRANSFER

EFT is another payment mechanism FPI uses to disburse funds. However, pertinent information must be provided in order to retrieve payment **status information** from TCIS.

A request for an unavailable check action must be submitted for all EFT payment inquiries. The unavailable check action must include the same information specified in Section 4.a. However, stop reason code “K” is not an option. **Digital imaging is not available** because there is no hard copy check printed.

If it is determined the ACH payment in question has been deposited into the wrong account or has been established in a miscellaneous account at the bank, the funds must be returned. Therefore, the Disbursement Officer or designee must follow the procedures outlined in Section 6 of this Program Statement to ensure reimbursement of funds.

REFERENCES

Program Statements

P8000.01 UNICOR Corporate Policies and Procedures (05/31/81)

Treasury Financial Manual (TFM), Volume 1, Part 4

ACA Standards

American Correctional Association Standards for Adult Correctional Institutions, 4th Edition: 4-4460.

Records Retention Requirements

Requirements and retention guidance for records and information applicable to this program are available in the Records and Information Disposition Schedule (RIDS) on Sallyport.