

Memorandum

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B-112924

July 6, 1973

TO : General Counsel

B-112924-0.M.

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H. Kensky

FROM : Associate Director, FGMS Division - Harry C. Kensky

Released

SUBJECT: Use of deposit fund symbol 20X6045, Proceeds and Payments of Certain Unpaid Checks

31 U.S.C. 132 (b) provides that the amount of all checks drawn by authorized disbursing officers on designated depositaries which have not been paid by the close of the fiscal year following the fiscal year in which the checks were issued shall be withdrawn from the depositaries and deposited with the Treasurer of the United States. Claims for the proceeds of the unpaid checks are to be paid by checks drawn on the Treasurer pursuant to settlement action by the General Accounting Office. The Department of the Treasury has established deposit fund symbol 20X6045, Proceeds and Payments of Certain Unpaid Checks, for these purposes.

Under procedures established more than 10 years ago by officials of Treasury and our Office, requests from United States Disbursing Officers (USDOS) to approve withdrawals of amounts previously deposited into 20X6045 are referred to our Office. These requests are made to adjust the USDOS' accounts because (1) depositaries located in foreign countries honored and paid checks drawn on them after the checks became uncurrent and the amounts thereof transferred into 20X6045, (2) there were duplicate recordings of transfers of proceeds of checks to 20X6045, and (3) the proceeds of the checks were subsequently determined not to be due to the payees. Accordingly, GAO routinely prepared and sent to Treasury Standard Form 1081s, Voucher and Schedule of Withdrawals and Credits, authorizing it to withdraw the amounts requested from 20X6045 and to issue checks to the USDOS.

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Until October 1, 1967, the procedures in title 7 of the GAO Manual for Guidance of Federal Agencies provided for departments and agencies to process uncurrent depository checks through our Office and for GAO to effect cancellation and related transfer adjustment to deposit fund symbol 20X6045 in a manner similar to that described in the preceding paragraph. Effective October 1, 1967, title 7 was completely revised (Transmittal Sheet 7-34) to limit it to principles and standards to be observed by departments and agencies in their fiscal operations, and the responsibility for prescribing specific procedures to be followed was assigned to the Department of the Treasury. Officials of the Bureau of Accounts of Treasury have informed us that specific procedures for the departments and agencies to follow have not been issued, but that such procedures, when issued, would provide for transactions affecting adjustments to deposit fund symbol 20X6045 to continue to be processed through GAO.

These requests appear to us to be more of a nature of requests for adjustments of transactions previously recorded in 20X6045, and proper for handling administratively by Treasury without the involvement of our Office, than claims for the proceeds of unpaid checks requiring settlement action by our Office. For your information, attached are two requests for transfers and adjustments to 20X6045 received from Treasury officials, which are typical of the type of requests we receive.

The Transportation and Claims Division has no objection to our proposal to inform Treasury that GAO approval of the types of transfers and adjustments referred to above to deposit fund symbol 20X6045 will no longer be required. A copy of our memorandum of February 9, 1973, and the reply of the Chief, Payments Claims Branch is attached.

Your instructions are requested. If you concur with our view, we will advise Treasury officials accordingly.

Attachments.

B-112924-O.M.

JUL 6 1973

Indorsement

Director, FGMS Division

Returned. As indicated in your memorandum, 31 U.S.C. 132(b) provides that claims for proceeds of stale checks drawn on designated depositories may be paid only upon settlement by the General Accounting Office. Whether settlement by our Office is required with respect to the three examples cited in your memorandum depends on whether the described transactions involve claims for the proceeds of stale checks.

Concerning example (1), it is clear that if the check there involved had been presented to the Treasury for payment by the payee, payment would not have been proper under 31 U.S.C. 132(b) except upon settlement by the General Accounting Office. In the cited case the depository apparently paid the holder of the check and has been reimbursed from the account of the disbursing officer involved. While the transaction now for consideration could be considered as merely involving a transfer of funds from account 20X6045 to the disbursing officer's account, the propriety of such transfer depends on whether the person receiving payment of the check by the depository was otherwise entitled thereto. In other words, the depository stands in the place of the drawee or holder of the check and, unless the proceeds were otherwise properly paid to the person presenting the check, the depository would not be entitled to be reimbursed therefor. Consequently, since the transfer of funds described in example (1) constitutes, in effect, a claim for the proceeds of a stale check, it is our view that such transfer requires settlement by the General Accounting Office.

Examples (2) and (3) concern the correction of duplicate bookkeeping entries or return of funds from account 20X6045 to the account of the disbursing officer involved where it has been determined that the payee is not entitled to the proceeds of the check involved. In the latter case it is understood that the payee is not questioning this determination and therefore has not asserted a claim for the proceeds thereof. Accordingly, in that in these two examples there is not involved a claim for the proceeds of the checks in question we see no reason why the transactions covered by examples (2) and (3) may not properly be effected without settlement action by our Office.

PAUL G. DEMBLING

Paul G. Dembling
General Counsel

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Attachments

CHECKS
Cashing
Failure to cash
Claims for proceeds of stale checks