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| | **U·S·DEPARTMENT OF THE INTERIOR**<br>**OFFICE OF SURFACE MINING**<br>**RECLAMATION AND ENFORCEMENT**<br>**DIRECTIVES SYSTEM** | **Subject Number:** FIN-4<br>**Transmittal Number:** 670<br>**Date:** APR 16 1991 |

**Subject:** COLLECTION ACTIVITIES

**Approval:** [signature] **Title:** Director

1. Purpose. This directive provides guidance for the Office of Surface Mining Reclamation and Enforcement (OSM) for the administration and procedural controls of collection activities.

2. Summary. This directive establishes OSM policy for the administration and management of all collection activity within the agency. The establishment and maintenance of OSM collection activities shall be accomplished in conformance with the following procedures:

a. Authorization.

(1) the nomination of a Collection Officer shall be made by a Field Director, Division Chief, or other equivalent heads of OSM activities by memorandum to the Division of Financial Management (DFM) (para. 4.a.) and,

(2) the performance of receipt duties by one who is not a Collection Officer serves to designate that individual as an Accountable Employee. No formal designation is required (para. 4.b.(2)).

b. Criteria.

(1) only those OSM employees who might have a need for overnight storage of funds, who might handle cash (currency, &/or coin) and/or who would need to make deposits to a designated depositary or Federal Reserve Bank shall maintain Collection Officer status (para. 4.b.(1)),

(2) any individual who receives and forwards non-cash funds on the same day to either a lockbox, DFM, or a Collection Officer will be referred to as Accountable Employees for purposes of this directive (para. 4.b.(2)),

(3) Collection Contractors are empowered to act as collection agents for the Federal Government and must follow specific collection procedures (para. 4.h.), and

(4) OSM Conference Officers and Field Solicitors may accept payment from mine operators provided they follow the procedures governing Accountable Employees (para. 4.i.).

c. Responsibilities.

(1) Collection Officers and Accountable Employees may be liable for fund losses, the penalties of which are severe and may result in dismissal (para. 4.c.),

(2) the performance of receipt duties will be governed by adherence to strict internal controls (para. 4.d.- 4.i.),

(3) adequate facilities must be available to designated Collection Officers for the safekeeping of undeposited funds (para. 4.e.),

(4) all OSM designated Collection Officers have stringent requirements with regard to receiving, recording, and depositing remittances (para. 4.g.).

3. Definitions.

a. Abstract of Remittance (Appendix 3): A summary listing of remittances received which records and reports information that distinctly identifies each remittance. Signed by the Accountable Employee and/or Collection Officer, it is the second link in the chain-of-custody of the funds (the first link is the check register (para. 4.d.)). It also provides critical supporting documentation to the confirmed SF 215-Deposit Ticket or SF 5515-Debit Voucher (Appendices 5 & 6).

b. Accountable Employee: An employee, other than a Collection Officer, who may receive or have temporary custody of non-cash funds, such as negotiable instruments, remittances, repayments, and collections of loans and other funds received as a result of Government activities and forwards same to either a lockbox, DFM or a Collection Officer on the same day of receipt.

c. Accountable Officer: Any employee who takes receipt of, is responsible for, or has custody of Government funds.

d. Agency Location Code (ALC): A numeric symbol used to identify accounting reports and documents prepared by or for agency accounting stations and disbursing offices (e.g., eight-digit agency accounting station code). This symbol, maintained at Treasury, identifies deposits made by, or on behalf of, an agency's accounting station. (See para. 4.g.(10)(c) for more information.)

e. Checks: A term which includes checks drawn on the U.S. Treasury, postal money orders and other checks, drafts, warrants and money orders drawn on an account maintained at a financial institution or by a governmental unit.

f. Collection Contractor: A private collection agency under contract to the government to provide collection services on referred delinquent debt.

g. Collection Officer: An employee, nominated as described in para. 2.a.(1), who receives, has custody of or accounts for monies, negotiable instruments, remittances, repayments, and collections of loans and other funds (cash and non-cash) received as a result of Government activities, and deposits same into an appropriate

commercial depositary which has been authorized to maintain a U.S. Treasury demand account, or secures such funds overnight in safe storage for deposit or forwarding the next business day.

h. Collections: Transfers of funds in the form of remittances or payments from a source outside the Federal Government to OSM or to a financial institution acting as an agent of OSM. This also includes U.S. Treasury checks returned for cancellation and credit to OSM.

i. Debit Voucher: Standard Form 5515 (SF 5515), used for debiting the account of the U.S. Treasury after the Deposit Ticket has been released to a depositary. (Appendix 6.)

j. Deposit Ticket: Standard Form 215 (SF 215), used for crediting deposits to the account of the U.S. Treasury. (Appendix 5.)

k. General Depositaries: Designated commercial banks which have been specifically authorized by Treasury to maintain a demand account in the name of Treasury entitled "Treasury's General Account" for the purpose of accepting deposits for credit.

l. Lockbox: A collection and processing service provided by financial institutions that accelerates the flow of funds to the Department of Treasury. This service includes collecting OSM's mail from a specified post office box, sorting, totalling, and recording the payments, processing the items, making the deposit, transferring the funds, and sending remittance data to OSM in hard copy or via electronic format.

m. Payor: An individual or business establishment who draws or issues an order of payment to OSM. Synonymous with remitter.

4. Policy/Procedures.

a. **Authorization and Designation.** Requests to establish a Collection Officer, or to cancel or nominate an individual for this position shall be made by an authorized official at the level of Division Chief, Field Office Director, or a more senior official in the OSM office desiring the activity. The request shall be made by memorandum with justification and sent to the Chief, DFM. The Chief, DFM, is responsible for reviewing the request and granting approval. Upon his approval, a memorandum will be forwarded to the requestor along with a certification form which is to be returned to DFM complete with signatures (Appendix 1). The Collection Officer shall be responsible for the receiving and forwarding of funds as outlined in Appendix 2, for the handling of cash, for the safe storage of funds overnight, and for the deposit of funds to the commercial depositary which has been authorized to maintain a U.S. Treasury demand account or a Federal Reserve Bank.

b. **Criteria for Designation.**

(1) Collection Officers. When a need exists to have an officer outside DFM handle cash, store funds overnight and/or make deposits to a designated depositary or Federal Reserve Bank, the employee shall be nominated in accordance with para. 4.a. above. Only those accountable officers who might handle cash, who might have

a need for overnight storage of funds and/or who account for receipts and subsequent deposits shall maintain "Collection Officer" status.

(2) **Accountable Employees.** Individuals employed by OSM offices who accept and forward non-cash funds to either a lockbox, DFM, or a Collection Officer on the day of receipt will be considered Accountable Employees. Funds accepted and forwarded for deposit include "misdirected payments" (e.g., bond forfeitures, civil penalty payments, etc.), remittances in payment of services or goods (e.g., copy fees, map sales, etc.), and refunds of excess advances (e.g., reimbursements for outstanding travel advances). These employees will not be nominated. They become Accountable Employees merely by the performance of receipt duties as defined above. This criteria does not preclude the establishment of further controls over the receiving and forwarding process at the field office or equivalent level should such controls be deemed necessary by an authorized official at the level described in para. 4.a.

c. **Accountability and Penalties.** Because Collection Officers and Accountable Employees are accountable officers, they are automatically liable for fund losses. However, the Department will grant relief (GAO for losses over $500.00), if it is demonstrated that the accountable officer was faultless. Relief will not be granted if it is determined that the accountable officer was negligent or guilty of bad faith or lack of due care, and that such negligence, bad faith, or lack of due care was the proximate cause of the loss. "Proximate cause" refers to the connection between negligence and the loss. If the loss would not have occurred, but for the accountable officer's negligence, the negligence is a proximate cause of the loss. The Comptroller General has consistently ruled that negligence must be presumed in cases of shortages or unexplained disappearances of funds. In denying a request from an agency for relief of an accountable officer, the Comptroller General has stated "...the presumption of negligence is a reasonable and legal basis for the denial of relief where the accountable officers have control over the funds and the means available for their safekeeping but the shortage nevertheless occurs without evidence of forcible entry or other conclusive explanation which would exclude negligence as the proximate cause of the loss."

The penalties imposed by law for improperly handling or using public monies are severe and may result in dismissal, fines, or imprisonment (331 DM 1.3). Public funds shall not be used for personal use, loans, cashing personal or payroll checks, flagrant display, or any other action which is of a dubious nature.

d. **Internal Controls.** The performance of collection and receipt duties will be governed by adherence to strict internal controls. (See also para. 4.e.-4.i.)

(1) Maintaining a Check Register. Each office shall maintain a check register which will detail the following information with regard to all remittances received:

(a) Time and date received in OSM office;

(b) Check number;

(c) Date of check;

(d) Routing symbol on check;

(e) Amount;

(f) Payor;

(g) Initials of each employee who handles the check for any reason;

(h) Date initialled;

(i) Signature of employee who actually forwards the check;

(j) Date and location forwarded.

The check register should be maintained in the office mailroom or at the location where the daily incoming mail is first opened and sorted for distribution. Hand-carried checks must also be processed through the check register.

Each month of the check register shall be maintained for one calendar year and may be destroyed after such time. A sample check register page and annotated copy of a check are shown in Appendix 8.

(2) Receiving and Forwarding Funds.

(a) Accountable Employees shall promptly forward "misdirected payments" or miscellaneous receipts to their proper destinations as shown in Appendix 2.

(b) Collection Officers shall forward "misdirected payments" to their proper destinations as shown in Appendix 2 and/or deposit miscellaneous receipts as described in para. 4.g.

e. **Safekeeping Facilities for Cash.** Only Collection Officers will store collected funds. Adequate facilities must be available for the safekeeping of the funds. It is the responsibility of OSM management to provide each Collection Officer with the required facilities.

(1) Funds awaiting deposit must be kept in a fireproof safe or safe-type cabinet with a bar and combination lock. Under no circumstances will public moneys be held in desk drawers or other locations where they are readily susceptible to theft. In any situation during processing where a Collection Officer has to leave the physical location of the funds, the funds must be secured in the same manner as that used at the close of business.

(2) Only those designated Collection Officers having direct responsibility for the funds shall have access to the funds storage facility.

(3) Where there is a change in a Collection Officer or alternate, the safe combination must be changed. The safe

combination must be placed in a sealed, signed, and dated envelope and retained in a secure place. Collection Officers are responsible for the security of any copy of the combination which has been documented for their personal use. No further copy or copies of the safe combination or any annotations of any kind will be maintained by the Collection Officer or be made known to anyone.

(4) All combinations must be changed annually regardless of change in Collection Officer. The combination should be changed whenever it has been compromised for any reason.

f. **Responsibilities of Accountable Employees**. Accountable Employees may, on an irregular basis, receive and forward non-cash funds (para. 3.b). Funds must be forwarded on the same day received (para. 4.b.(2)). Accountable Employees shall forward "misdirected payments" or miscellaneous receipts to their proper destinations as shown in Appendix 2.

(1) Funds must be forwarded for deposit on the same day collected. Where it is impracticable for the Accountable Employee to forward the funds, he/she shall provide the payor with an envelope addressed to the proper destination to facilitate proper and speedy deposit.

(2) Checks should not be endorsed by Accountable Employees before they are forwarded to their respective destinations. The endorsement responsibility shall be reserved for the depositing Collection Officer prior to deposit.

(3) For all funds mailed to DFM or a depositing Collection Officer, an Abstract of Remittances form must be prepared and submitted with each group of collections (Appendix 3). For funds forwarded to a lockbox, an abstract should not be prepared. The abstract shall be prepared with the following information: name and location of Accountable Employee, remitter of check, check number, description of remittance (e.g., "Mine Map Sales" for the sale of maps), amount of check, signature of Accountable Employee, and date forwarded. In those offices where there is a Collection Officer on site, an abstract need not be prepared by the Accountable Employee who logs the check(s) into the check log. Instead, the Accountable Employee will deliver the checks and check log to the Collection Officer in person. At the time the Collection Officer signs the check register in acceptance of the checks, the responsibilities of the Accountable Employee are terminated.

(4) A copy of the abstract should be retained at the field office. A signed copy of the abstract will be returned to the field office by the Collection Officer after the funds are deposited. These abstract copies must be matched at least monthly to ensure that funds forwarded to a Collection Officer were received and deposited.

g. **Responsibilities of Collection Officers**. Designated Collection Officers may receive cash as well as other negotiable instruments, store, forward, and/or deposit funds (para. 4.b.(1)).

(1) Forwarding of Funds. With the exception of cash, funds will be forwarded in accordance with para. 4.f. above. Cash will not be sent through the mail, but should instead be converted to a money

order. The cost of money orders to transmit Federal funds for deposit may be recovered from the imprest fund.

(2) Checks Received in Collections. All checks received are accepted subject to collection. A payment by check is not effective until the full proceeds are received.

(3) Cash Deposits. All currency shall be sorted face up by denominations of $1, $2, $5, $10, $20, $50, and $100 and may be combined with checks for deposit. Coins shall be rolled whenever practical and may also accompany checks for deposit.

(4) Inscription of Checks. Remitters should make checks payable to a name that sufficiently identifies the bureau (I TFM 5-2000, Section 2020). Variations may include, but are not limited to OSM, OSMRE, USDOI-OSM, Office of Surface Mining, Office of Surface Mining Reclamation and Enforcement, DOI-Office of Surface Mining, etc. In those instances where a check is received made payable to the Department of the Interior or the Department of Treasury, it shall be accepted and processed. These exceptions to the "sufficiently identifiable" rule are allowable because the Agency Location Code required as part of the endorsement of the check identifies them as belonging to OSM (See Appendix 4). In those instances where a Jury Duty check made payable to an OSM employee is presented for collection, the employee must sign the check over to OSM by writing "Pay to the order of OSM" above his/her signature in the endorsement section on the back of the check. This exception is allowable because of the payroll ramifications involved. Checks made out to an unacceptable payee shall be returned to the remitter for cancellation and proper reissue.

(5) Restrictive Endorsement. When a check is received with the inscription "paid in full" or such similar language implying that payment constitutes full discharge of indebtedness, the check, with the exception of the two instances stated below, will be returned to the payor accompanied by a letter that indicates such check is unacceptable. The two exceptions are:

(a) Upon consultation with the Division of Compliance Management, DDM, and DFM, it is determined the payor owes no other debt to OSM than for that which the check is intended, or

(b) When the payor is together with the Collection or Accountable Employee and lines through the restrictive language and initials same.

(6) Record of Checks Deposited. The Collection Officer's performance of receipt and deposit duties will be governed by adherence to strict internal controls (para. 4.d.).

(7) Abstract of Remittance.

(a) A non-depositing Collection Officer (i.e. a Collection Officer forwarding funds) will prepare an Abstract of Remittance as described in para. 4.f.(3) and 4.f.(4).

(b) A depositing Collection Officer will prepare an abstract of remittance (Appendix 3) to relate each check (or cash) to the applicable SF 215. The abstract shall be prepared with the following information: name and location of Collection Officer, date of deposit, remitter of check (or cash), check number, description of remittance (i.e., "Mine Map Sales" for the sale of maps), amount of check (or cash), signature of Collection Officer, and date. The abstract, all original documentation included with the check (or cash), one copy of each check, and the original Confirmation copy of the SF 215 will be forwarded to the DFM Collection Officer. A copy of the abstract submitted by the Collection Officer will be returned to the originating office by the Collection Officer at DFM with the ABACIS Deposit Ticket number noted.

(8) Sorting and Listing Deposits. Checks deposited with general depositaries need not be sorted, but must be properly endorsed with an appropriate stamp (refer to Federal Reserve Regulation CC in Appendix 4) and accompanied by an adding machine tape or other listing. General depositaries will immediately credit the account of OSM at Treasury for items received during normal business hours. Any check drawn on the U. S. Treasury exceeding $5,000 must be deposited with the nearest Federal Reserve Bank. An SF 215 must be prepared and transmitted with all checks.

(9) Deposit Requirements. The frequency of deposits by the Collection Officer is determined by the volume of funds received. Receipts of $1,000 or more are to be deposited daily. Receipts of less than $1,000 may be accumulated and deposited when the total reaches $1,000, except that in no case will deposits be less frequent than weekly. The $1,000 ceiling may be lowered at the discretion of management. However, a deposit must be made on Friday of each week upon the receipt of checks, regardless of accumulated amount.

(10) Deposit Ticket. SF 215 "Deposit Ticket" will be used to report deposits made by OSM (Appendix 5).

Preparation of Deposit Ticket: The deposit ticket is designed to be processed on optical character recognition (OCR) equipment; therefore, it is essential that the following requirements be strictly adhered to. Typing in blocks two, three, four and five must be single-spaced horizontally and typed with the required fonts. Typeovers, erasures, and other corrections cannot be made to entries in these blocks. It is a request of the Department of Treasury to use American National Standard Institute's Optical Character Recognition A font (ANSI OCR-A) 10-pitch (ten characters to the inch) type when completing these blocks. If ANSI OCR-A is not available, PICA, 10-pitch should be used. An undesirable but acceptable type font is ELITE, 12-pitch. Specialty types such as Adjutant, Advocate, Artisan, Courier, Delegate, Gothic, Italic, Scribe, Script are not acceptable.

(a) Deposit Number. Block ONE of SF 215 contains a preprinted six-digit deposit number which is the

only number used by Treasury's central accounting and reporting systems as the basis for generating audit and reconciliation reports for depositor agencies; therefore, the preprinted number will not be altered, typed over, or changed in any manner. Although this document is prenumbered, it is not necessary to account to Treasury for voided or spoiled forms.

(b) Date Presented or Mailed to Bank. Block TWO will be typed to indicate the date that the document was mailed or presented to the depositary. The date will be left justified and consist of 2-digit single-spaced groups in month, day, and year order; separated by hyphens and zero-filled for single-digit dates (i.e., MM-DD-YY).

(c) Agency Location Code (ALC). Block THREE will be completed using OSM's ALC (14-18-0001). Only one depositor's ALC may be shown on each SF 215. Entries will be left-justified and single-spaced. Hyphens will be used after the 2nd and 4th digits of 8-digit ALC's (e.g., 14-18-0001).

(d) Amount. Block FOUR will be left justified and contain the total amount of deposit, including cents. Normal punctuation will be used (i.e., commas and decimal points); however, dollar and cent signs will be omitted (e.g., 2,422.34).

(e) Date Confirmed by Bank. Block FIVE. Once the deposit has been made, the Collection Officer will retain the memorandum copy of the SF 215 and attach the confirmed original to the abstract for forwarding to the DFM Collection Officer.

(f) Cash-Link Identification Number. Block SIX. As of March 1991, a unique nine-digit Cash-Link Identification Number (CIN) consisting of the Agency Location Code with a check digit in the ninth position must be used when making deposits to a Federal Reserve Bank. (OSM's CIN = 14-18-0001-7.) This number will be used by the Federal Reserve System to facilitate the tracking of deposits. Currently the only receipts which must be deposited in a Federal Reserve Bank are payments of $5,000.00 or greater made with a U.S. Treasury check.

(11) Uncollected/Returned Checks. Upon receipt of an unpaid check and copies of the SF 5515 (Debit Voucher) from the depositary or Collection Officer, DFM will adjust the accounts and proceed at once to collect the amount as though no check had been received. If a check is lost, DFM will adjust its accounts and immediately request the drawer to stop payment on the check. New checks received as a result of the above actions will be processed as new business.

h. **Responsibilities of Collection Contractors.** As part of their collection efforts, DFM and the Division of Debt Management (DDM) forward, from time to time, uncollected accounts to Government approved collection contractors.

(1) When the collection contractor is successful in obtaining payment, the debtor is requested to forward payment to the collection contractor.

(2) The collection contractor shall deposit the funds into a local general depositary using a Deposit Ticket (SF 215) coded with OSM's Agency Location Code (ALC): 14-18-0001. This code will facilitate direct transfer from the local depositary to OSM's account maintained at Treasury.

(3) The collection contractor shall forward the confirmed copy of the Deposit Ticket (SF 215) or Debit Voucher (SF 5515) (in situations where a check is returned to the bank of deposit due to insufficient funds) and a copy of the checks to DFM and/or DDM.

(4) The collection contractor shall also forward to DFM and/or DDM the "Individual Debtor Update Reports" and invoices for the collection fee payment or any other required documents as deemed necessary. This should occur on a monthly basis five working days after month end.

i. **Responsibilities of Conference Officers and Field Solicitors.** OSM also utilizes both internal (Conference Officers) and external (Field Solicitors) resources in an effort to maximize collections against debt for the AML and Civil Penalty programs.

(1) To expedite the processing of payments from mine operators, OSM Conference Officers may accept payments at the conclusion of Civil Penalty conferences in which the operator offers payment. The Conference Officer must forward payment promptly to the appropriate Civil Penalty lockbox and include sufficient accounting data to identify the specific civil penalty citation for which payment is made. Since the Conference Officer is merely receiving and forwarding the funds to the lockbox, he/she is subject to the procedures governing Accountable Employees (para. 4.f.). For additional information, refer to OSM Directive DMT-1 (May 25, 1989).

(2) Field Solicitors may accept payment from mine operators who tender checks in response to court decisions or settlement agreements which the solicitor has negotiated. The Field Solicitor must promptly forward payment to the appropriate lockbox (as described in para. 4.f.(1) and (2)) along with sufficient accounting information.

5. Reporting Requirements. Internal reviews will be made of all collection activities performed by Collection Officers on a quarterly basis. To facilitate internal controls, these reviews shall be submitted to DFM no later than the last day of the month following the end of the quarter (January 31, 19--, April 30, 19--, July 31, 19--, and October 31, 19--). The conduct of such systematic internal reviews will be independent of Collection Officers to assure that the proper procedures are being followed, effective controls are maintained over collections and balances for which Collection

Officers are responsible, and appropriate administrative actions are taken to obtain the necessary corrective action required (Appendix 6).

Accountable Employees will not be subject to quarterly reviews.

6. Effect on Other Documents. Clarifies collection procedures in AML Fee Collection Procedures (CAA-3, 10/13/89), Civil Penalties Collections Procedures Manual (DMT 1, 5/25/89), Bond Forfeiture (REG 10, 5/26/87) and Permit Fees in Federal Program States and on Indian Lands (REG 35, 8/27/90).

7. References.

a. Treasury Financial Manual, 1 TFRM 5-1000, 5-2000, 5-3000, and 5-5000, also referred to as the TFM.

b. Department of the Interior Manual, 331 DM.

c. General Accounting Office Policy and Procedures Manual, Title 7.

d. General Accounting Office Principles of Appropriation Law, Chapter 10.

e. Division of Debt Management, Branch of Civil Penalty Collections Procedures Manual.

8. Effective Date. Upon issuance.

9. Contact. Chief, Section of Reports and Analysis, Division of Financial Management, FTS 776-0334 or (303) 236-0334.

10. List of Appendices.

Appendix 1 Notice of Designation as Collection Officer
Appendix 2 Destinations of Forwarded Funds
Appendix 3 Abstract of Remittance
Appendix 4 Federal Reserve Regulation CC, Indorsements
Appendix 5 Deposit Ticket, SF 215
Appendix 6 Debit Voucher, SF 5515
Appendix 7 Quarterly Review of Collection Activities
Appendix 8 Check Register and annotated copy of check

United States Department of the Interior
OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 25065
Denver Federal Center
Denver, Colorado 80225

Memorandum

To:

From: Chief, Division of Financial Management Roy E. Morris

Subject: Notice of Designation as Collection Officer

1. You are designated as Collection Officer in the Office of Surface Mining effective this date.

2. Your functions are to receive, handle, have custody of or to account for monies, negotiable instruments, remittances, repayments, and collection of loans and other funds received as a result of the activities of the Department of the Interior.

CERTIFICATION

This is to certify that the Collection Officer herein designated has been fully advised as to the duties and responsibilities; the procedures and requirements as to accountability; has received adequate instructions and orientation for the job; and as appropriate and necessary, has been furnished adequate safeguarding facilities.

_____
Signature and Title of Office Head

CERTIFICATION

This is to certify that I have been fully advised as to the duties and responsibilities; the procedures and requirements as to accountability; and have received instructions and orientation for the above position; and, as appropriate and necessary, I have been furnished adequate safeguarding facilities.

_____
Collection Officers Signature

(After completing the two certifications above, return this sheet to the Division of Financial Management, Denver).

APPENDIX 2

## Destinations of Forwarded Funds

Accountable Employees shall forward "misdirected payments" or miscellaneous receipts to their proper destinations:

a. All civil penalty funds collected will be sent to the established lockbox facility:

Office of Surface Mining Reclamation and Enforcement
U.S. Department of the Interior
Mellon Bank
P.O. Box 360292 M
Pittsburgh, PA 15251

b. All Abandoned Mine Land (AML) reclamation fee funds collected will be sent to the established lockbox facility:

Office of Surface Mining Reclamation and Enforcement
U.S. Department of the Interior
Mellon Bank
P.O. Box 360095 M
Pittsburgh, PA 15251

c. AML reclamation fees collected as a result of AML Fee Compliance Audits will be sent to the established lockbox facility:

Office of Surface Mining Reclamation and Enforcement
U.S. Department of the Interior
Mellon Bank
P.O. Box 371794 M
Pittsburgh, PA 15251

d. All other funds collected will be sent to a Collection Officer for deposit. The Collection Officer will forward all documentation of the deposit to the Division of Financial Management (DFM) (See para. 4.g.(7)(b):

Office of Surface Mining Reclamation and Enforcement
Denver Federal Center
P.O. Box 25065
Denver, CO 80225

Appendix 3

**Department of the Interior**
**Office of Surface Mining**
**Abstract of Remittances**

****Date of Deposit:**

***ABACIS**
**Deposit Ticket #:**

Collection Officer? Yes No (circle one)

Name & Location of submitter of this abstract:

| Item No. | ABACIS Trans. Number* | Name of Remitter | Description | ABACIS Acct. Number | Amount |
|---|---|---|---|---|---|
| | | | | | |

The above listed remittance(s) received by:

Accountable Employee or Collection Officer Signature — Date

The above listed remittance(s) deposited by:

Collection Officer Signature — Date

* = to be filled out by DFM only!

** = to be filled out by Collection Officers only!

Special Notice

3

# Regulation CC - Indorsement Standards

## Why are checks indorsed and why does Regulation CC impose a standard for indorsing checks?

Checks are indorsed in order to transfer rights to obtain payment for the check. Payees often indorse checks to the bank[1] in which the payee deposits the check. Banks also indorse each check as the check is transferred from bank to bank in the course of presenting the check to the paying bank in order to obtain payment.

Currently, there are no standards with regard to how such indorsements should be applied to the back of the check. As a result, many times the indorsements are faint, blurred, incomplete and overlapping, making the indorsement difficult, if not impossible, to read. This difficultly in reading indorsements is a major hindrance in returning unpaid checks to the depositary bank promptly.

The indorsement standard established by Regulation CC specifies the locations on the back of the check for bank indorsements, requires bank indorsements to contain certain information, and specifies the colors of ink for bank indorsements. THE STANDARD DOES NOT IMPOSE SPECIFIC REQUIREMENTS ON PAYEE INDORSEMENTS OR ON BANK CUSTOMERS ISSUING CHECKS. FURTHER, THERE ARE NO PENALTIES FOR FAILURE TO MEET THE INDORSEMENT STANDARDS. NEVERTHELESS, IT IS IN THE INTERESTS OF BOTH BANKS AND THEIR CUSTOMERS TO ENSURE THAT CHECKS ARE CLEARLY AND PROPERLY INDORSED.

[1]Regulation CC defines "bank" to include commercial banks, savings banks, savings and loan institutions, and credit unions; "depositary bank" as the bank where the check is first deposited; and "paying bank" as the bank on which the check is written.

## The Depositary Bank and Its Customer

The indorsement standard requires the depositary bank to place its indorsement in a specific location on the back of the check, to include certain information in its indorsement, and to use either black or purple ink to apply its indorsement. Other banks may not indorse in the location specified for the depositary bank indorsement. These requirements should make it easier for paying or returning banks to identify the depositary bank and return an unpaid check or provide notice of nonpayment directly to the depositary bank.

Making it easier for paying or returning banks to identify the depositary bank will benefit both the depositary bank and its customer. New expeditious return procedures established by Regulation CC are designed to get returned checks back to the depositary bank and its customers more quickly than is the case today. Giving a depositary bank and its customer greater assurance that it will learn of a returned check in a shorter time period than it can today will decrease the likelihood that one of them will suffer a loss in connection with a returned check.

Prompt return of checks is particularly important to bank customers. Although banks can generally charge checks back to their customers' accounts, a bank customer often must contact the check writer to obtain reimbursement. The sooner that a depositary bank's customer can learn of a returned check, the sooner the bank's customer can begin the process of searching for the check writer to obtain payment. Generally, a depositary bank's customer should have more success in recovering these funds when beginning the recovery process sooner.

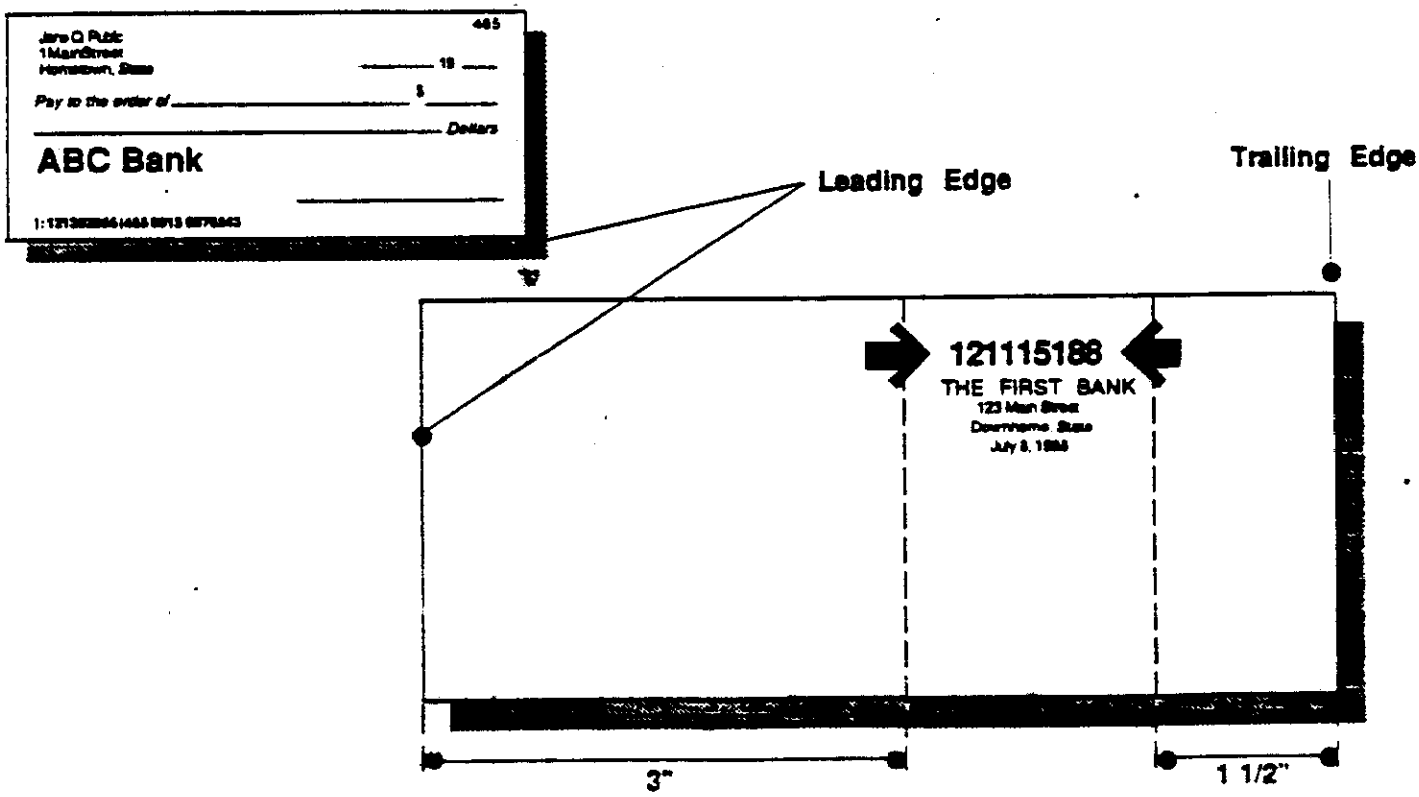
# Special Notice



Thus, both the depositary bank and its customer will benefit when the paying or returning bank is able to identify the depositary bank accurately and easily from the indorsement placed on the back of the check. Therefore, even though the indorsement standard does not specify a specific location or other requirements for payee indorsements, both the payee and the depositary bank may benefit when the payee indorsement is applied outside of the location specified for the depositary bank.

The depositary bank indorsement is to be made in the area beginning 3.0 inches from the leading edge of the check and ending 1.5 inches from the trailing edge of the check. (See Figure 1.) The entire indorsement need not be within this area; however, the indorsement must be placed so that the nine-digit routing number of the bank (set off by arrows) is wholly contained within this area. The routing number is the principle piece of information that is needed by the

**Figure 1. Indorsement Standard: Depositary Bank**



# Special Notice



paying or returning bank to identify the depositary bank. To the extent that the depositary bank does not want to risk having other indorsement information overstamped by other bank indorsements, that information should also be placed in the location reserved for the depositary bank indorsement. However, the only piece of information that is required to be in this area is the depositary bank's nine-digit routing number (set off by arrows).

If a depositary bank and its customer adhere to the indorsment standard, they will not be responsible if a paying or returning bank fails to return a check timely due to an error in reading the depositary bank's indorsement. This does not affect a depositary bank's right to claim untimely return for violations of the paying bank's "midnight deadline" rule from the Uniform Commercial Code.

Some depositary banks have informed their customers that they will not accept some checks for deposit simply because they do not indorse wholly within the payee indorsement area. However, payee indorsements may be placed anywhere on the back of the check outside of the location specified for the depositary bank.

Referencing Figure 1, this means that the payee should indorse either in the area from the leading edge of the check to 3.0 inches from the leading edge or in the area from 1.5 inches from the trailing edge of the check to the trailing edge of the check. Today, most payees conventionally indorse in the 1.5 inches closest to the trailing edge of the check. It is anticipated that most payees will continue to indorse in this area, however, they **are not required** to do so. Indorsing in the payee area merely reduces the risk that the payee's indorsement may be obscured by other indorsements.

Depositary banks are encouraged to inform their customers that the 1.5-inch area closest to the trailing edge of the check will not generally be used by depositary banks and will not be used by subsequent collecting banks when applying indorsements. This means that payees receiving returned checks and relying on information contained in their indorsement about the identity of the check writer will most likely find it easier to read such information if the indorsement is placed in this area. The Federal Reserve understands, however, that many retail indorsements and other information necessary to help identify check writers may not fit into this location. Therefore, it is still acceptable for the payee indorsement to be placed in the 3-inch area closest to the leading edge of the check; however, payee indorsements in this area may be overstamped by a bank indorsement applied during the process of collecting the check (see discussion of subsequent bank indorsements below); however, this occurs today and should not present any significant problems to the payee of the check.

Some depositary banks have retail customers who deposit large numbers of checks that have already been prepared for automated processing. The retail customer of the bank may apply the depositary bank indorsement in addition to its own indorsement. This is perfectly acceptable under the regulation, but is not required. This could be done by the retail customer by either applying a separate indorsement on behalf of the depositary bank or by incorporating the requirements of the depositary bank indorsement into a joint payee/depositary bank indorsement. When the retail customer applies the depositary bank indorsement, the retail customer can control placement of the depositary bank indorsement, thereby insuring that any payee indorsement information that might infringe into the location reserved for the depositary bank does not render the depositary bank indorsement unreadable.

Endorsement and Legend

Agency Location Code
For Credit to the U.S.
Treasury
Date xx, 19xx

(ABBREVIATIONS ARE
ACCEPTABLE)

Appendix 5

TANDARD FORM 215 (REV. 5-78)
RESCRIBED BY DEPT. OF TREASURY
TFRM 5-3000 215-102

# DEPOSIT TICKET

DEPARTMENT OF THE TREASURY
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

| DEPOSIT NUMBER | DATE PRESENTED OR MAILED TO BANK (M M D D Y Y) | 8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC) | AMOUNT |
|---|---|---|---|
| ) 238230 | (2) 03-05-91 | (3) 14-18-0001 | (4) 4,466.72 |

) AGENCY USE

8 CHECKS $23.00 CURRENCY $.32 COIN

OFFICE OF SURFACE MINING
POB 25065 DFC
DENVER CO 80225

) DEPOSITORS TITLE, DEPARTMENT OR AGENCY AND ADDRESS

(7) NAME AND ADDRESS OF DEPOSITARY
UNITED BANK OF LAKEWOOD
LAKEWOOD CO 80225

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN RECEIVED FOR CREDIT IN THE ACCOUNT OF THE U.S. TREASURY ON THE DATE SHOWN, SUBJECT TO ADJUSTMENT OF UNCOLLECTIBLE ITEMS INCLUDED THEREIN.

AUTHORIZED SIGNATURE

M M D D Y Y
CONFIRMED DATE

EPOSITARY DATE, SIGN, AND RETURN
HIS COPY TO DEPOSITOR.

**CONFIRMED COPY**

Appendix 6

STANDARD FORM 5515 (9-78)
PRESCRIBED BY DEPT. OF TREASURY
1 TFM 5—3000

# DEBIT VOUCHER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

| VOUCHER NUMBER | DATE OF DEBIT TO U.S. TREASURY'S ACCOUNT (M M D D Y Y) | 8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC) | AMOUNT |
|---|---|---|---|
| (1) 14413 | (2) | (3) | (4) |

SINGLE SPACE ALL ENTRIES ON THIS [illegible] USE NORMAL PUNCTUATION—[illegible]

(5) ☐ UNCOLLECTIBLE ITEM
☐ OTHER (Explain in Block 6)

(6) DEPOSITARY USE

(7) NAME AND ADDRESS OF DEPOSITARY

(8) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN DEBITED TO THE ACCOUNT OF THE TREASURY [illegible] UNCOLLECTIBLE ITEMS HAVE BEEN RETURNED TO THE DEPOSITOR OR APPROPRIATE NOTICE GIVEN [illegible]

AUTHORIZED SIGNATURE

(9) DEPOSITORS TITLE, DEPARTMENT OR AGENCY AND ADDRESS

DEPOSITARY FORWARD TO DEPOSITOR

**CONFIRMED COPY**

Department of the Interior

Office of Surface Mining

Quarterly Review of Collection Activities

Office: _____

Name of Collection Officer: _____

## PROCEDURAL CONTROLS

| | | | |
|---|---|---|---|
| 1. | Does anyone know the combination of the safe or have access to the keys other than those designated as Collection Officers? | Yes | No |
| 2. | Is a duplicate combination kept in a separate safeguard area for emergency use? | Yes | No |
| 3. | Has the combination lock been changed when there has been a change in Collection Officers or at least once a year? | Yes | No |
| 4. | Is the position of the safe such that it is not accessible to non-OSM employees? | Yes | No |
| 5. | Are Collection Officer designation forms completed and on file for all employees whose duties include the receipt of cash for deposit, the storage of and/or the deposit of Government funds? | Yes | No |
| 6. | Does the Collection Officer have a letter outlining his/her responsibilities and operational procedures? | Yes | No |
| 7. | Does the Collection Officer have a copy of the most recent OSM Collection Directive? | Yes | No |
| 8. | Are funds forwarded and/or deposited in compliance with the OSM Collection Directive (para. 4.g.)? | Yes | No |
| 9. | Does the Collection Officer maintain a file of his/her Abstract of Remittances forms returned by the Division of Financial Management, Denver, showing the ABACIS Deposit Ticket number? | Yes | No |

## COMMENTS, DEFICIENCIES, AND RECOMMENDATIONS FOR CORRECTIVE ACTION

| (Signature) | (Title) | (Date) |
|---|---|---|
| (Signature) | (Title) | (Date) |

The Departmental Manual, Part 331 DM 2.4, requires that a quarterly internal review be made of all collection activities. These reviews should be performed by two employees appointed by the head of the office where the collection activity is located. Collection Officers should not perform the review. The report shall be signed by both persons making the review. The original of this report should be forwarded to the Chief, Division of Financial Management, Denver.

OFFICE OF SURFACE MINING / DIVISION OF FINANCIAL MANAGEMENT

CHECK REGISTER

| Date Received | Logged In by (Init) | Date of Check | Amount of Check | Check Number | Routing Symbol | Payor | Collection Officer Signature | Date | Time | Deposit Tick Number |
|---|---|---|---|---|---|---|---|---|---|---|
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-5-
TUSCARORA MINES & MINERALS CORPORATION
BOX 116
TUSCARORA, PA. 17982

-3- 441

-1- 2-25-91 19

-4- 60-247 313

PAY TO THE ORDER OF DCI-OFFICE OF SURFACE MINING $ -2- 15.00

FIFTEEN DOLLARS DOLLARS

MINERS NATIONAL BANK
The Miners National Bank, Rotsville, Pa. 17901

FOR

⑈000441⑈ ⑆031302476⑆ ⑈07 03392 3⑈

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-5-
US KANAWHA CORP

Bank of Piedmont A Correspondent of BOATMEN'S ® BANK

-4- 80-469 815

No. 861255

-1- DATE 03/01/91

-3- CHECK NO. 00861255

-2- NET AMOUNT **********20.00

NTY AND 00/100 DOLLARS

O THE RDER OF

US OFFICE OF SURFACE MINING
DIV OF FINANCIAL MGMT
DENVER FEDERAL CENTER BUILDING
P O BOX 25065
DENVER CO 80225

⑈861255⑈ ⑆081504693⑆ 8700184⑈

1 - Date of Check

2 - Amount of Check

3 - Check Number

4 - Bank Routing Symbol

5 - Payor (Remitter)