

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 5, CHAPTER 24
“ELECTRONIC COMMERCE”**

All changes are denoted in blue font

Substantive revisions are denoted by a * preceding the section,
paragraph, table, or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
240302	Renamed paragraph to “The Lockbox Collection Process”.	Update
240302.A	Renamed subparagraph “Billing Activity Documentation”, based on consolidation of paragraphs 240306 and 240302.	Update
240302.B	Created new subparagraph “Disbursing Office Documentation”, based on consolidation of paragraphs 240306 and 240302.	Update
240302.C	Relocated information regarding “Lockbox Debits” from 240306.	Update
Former 240306	Moved and incorporated paragraph on Lockbox Collection Process from 240306 to 240302 to consolidate for clarification and deletion of redundant information and renumbered 240307.	Update
240406	Added verbiage on IPAC Sender Initiated Adjustments.	Add
2407	Added new section on the Transaction Reporting System.	Add
2408	Added new section on the Treasury General Account Deposit Reporting Network.	Add
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CHAPTER 24

ELECTRONIC COMMERCE2401 OVERVIEW

240101 Policy. Department of Defense (DoD) Component applications of Electronic Commerce (EC) that anticipate a recurring use of the Department of the Treasury's Fedwire Deposit System shall be coordinated with the supporting Defense Finance and Accounting Service (DFAS) site Disbursing Officers (DOs) before formalizing arrangements with the Department of the Treasury. Currently, payments are made by the government to disburse funds, including cash, checks, and a variety of Electronic Funds Transfer (EFT) mechanisms. Payments can be made to individuals or businesses. EFT utilizes the Federal Reserve Bank (FRB) and its computer network to deposit funds into the checking or savings account of a person or company. The FRB processes all EFT transactions through the Automated Clearing House (ACH) network. The FRB also processes all ancillary transactions related to the original EFT transaction through the ACH network. Individual services/agencies shall execute a Memorandum of Understanding (MOU) with the FRB, which details the operating parameters and procedures for the conduct of Direct Deposit and Government Purchase Cards operations. Payment or payroll files shall be transmitted to the FRB by electronic file transmission. EFT is mandatory within DoD.

240102. Contractor Pay Applicability. Refer to [Volume 10](#) of this Regulation.

240103. Official Authorization List (OAL) for the Federal Reserve Bank. The OAL identifies all individuals who are authorized to transact business and provide instructions to the FRB on behalf of a Component. To make changes to the OAL, Components shall complete the form in Figure 24-1. In addition, each Component's senior financial manager shall validate the individuals currently authorized to transact business with the FRB and sign the Agency Authorization Letter at Figure 24-3. The Component shall forward the transmittal form and letter to Disbursing Station Symbol Number (DSSN) Management (DFAS-NPD/IN). The DO's and Deputy Disbursing Officer's (DDO) names will be matched with those in the DoD DSSN database. The Office of Under Secretary of Defense, Comptroller (OUSDC) shall give final approval before forwarding the package to the FRB. Website addresses for the OAL and instructions are located at:

http://www.frbservices.org/files/forms/account_services/pdf/govtagencyltr_authorizedapprover_package.pdf

2402 CARD ACQUIRING SERVICE

240201. Overview. The card acquiring service is a governmentwide network that allows federal agencies to accept VISA, MasterCard, American Express, and Discover credit cards, and some debit cards for collecting funds due the Federal Government. Plastic cards can be used to collect payments from the general public and from Government entities for a variety of reasons, including, but not limited to, the following: sales of material, services, fees, fines,

debts, customs duties, and taxes. Department of the Treasury's Financial Management Service (FMS) designated one financial agent to process plastic card collections and to provide uniform nationwide credit and debit card services for federal agencies. Credit and debit cards may be used for collections received over-the-counter, by mail, by phone, or over the internet. Information pertaining to the Card Acquiring Service can be found at <http://fms.treas.gov/cas/>.

240202. Card Processing Rules and Regulations. The Agency will use the FMS Card Processing Rules and Regulations as a guide when processing credit and debit card transactions. The rules and regulations for the card acquiring service can be found at the following site http://fms.treas.gov/cas/rules_regulations.pdf.

240203. Processing Transactions. Per [*Treasury Financial Manual \(TFM\) Vol 1, Part 5, Chapter 4700*](#), the Treasury FMS strictly prohibits holding credit card deposits above the daily \$5,000 limit. DoD activities should not accumulate daily receipts of more than \$5,000 after the network bank's daily cutoff time if they are operating in a paper sales draft settlement mode. If the activity is operating in an Electronic Data Capture (EDC) mode, it must settle on a daily basis, regardless of the amount accumulated that day. Activities will pay the assessed non-qualifying interchange fee when they fail to settle electronically every day. The network bank will inform the activity of its particular cutoff times for deposits. In an electronic environment, settlement transactions should take place through an EDC/Point of Sale at various times during the day (or once at the close of business) in order to meet the cutoff time for deposits.

240204. Reports and Reconciliation. Based on the report requirements established in the participation agreement with the network bank, reports of the merchant's credit card activity will be made available electronically by the network bank to the participating DoD activity (merchant). The summary will detail dates of deposits, dollar amounts of deposits, number of transactions processed, adjustment charges, and chargebacks. This report shall be used to reconcile any differences which may occur between the report and entries into the accounting system. The report shall also be reconciled with the Cash Collection Voucher ([*Department of Defense \(DD\) Form 1131*](#)) submitted to the DO or DDO. Any adjustments or chargebacks shall be processed and documented in accordance with the credit card participation agreement.

240205. Internal Controls. Internal control procedures shall be established by each participating DoD activity to ensure that credit card transaction documentation to support all DD Forms 1131 submitted to the DO is properly safeguarded. Documentation shall be available for use by the DO's quarterly cash verification board, the collection agent audit board, and for other audit purposes.

*2403 LOCKBOX COLLECTIONS

240301. Overview. A lockbox is a collection and processing service provided by a financial institution (typically a bank) that accelerates the flow of funds to the Treasury General Account (TGA) at the FRB New York (FRBNY). Treasury FMS has designated a network of commercial banks to serve as lockbox collection points for other federal agencies. A lockbox is

a post office box established by an approved financial institution for receipt of payments to an agency. Lockboxes facilitate collections of receipts mailed to federal agencies arising from the payment of fees, loan repayments, payment of purchases from federal agencies, and other payments. This service includes collecting a lockbox agency's mail from a specified post office box, sorting, totaling, and recording the payments, processing the items, making the deposit, and forwarding lockbox remittance data either in hard copy or electronic format to the lockbox agency. Treasury FMS has exclusive authority to contract for lockbox services with selected banks and the participating DoD activities. Activities are prohibited from entering into new contractual agreements, modifications of existing contracts, or renewal of existing contracts without the prior approval of Treasury FMS. The Department of the Treasury provides compensation to selected banks for specified lockbox services. There are three types of lockbox services available to participating activities: retail, wholesale, and electronic.

A. Retail Lockbox. A retail lockbox uses optical character recognition, machine-readable coupon-type payment documents for automated processing. This type of lockbox is best suited for low dollar, high annual item volume payments. High speed equipment captures specific information from the invoice and the check and stores it in electronic form on tapes or disks. The accounting information can be captured and passed via computer-to-computer link from the lockbox bank to the participating activity.

B. Wholesale Lockbox. A wholesale lockbox involves the manual processing of traditional invoice documents and is best suited for high dollar, low annual item volume payments. Once received at the lockbox site, these payment documents are processed using key entry to capture accounting information. The accounting information can be transmitted via computer-to-computer link or in hard copy from the designated financial agent in the lockbox network to the agency.

C. Electronic Lockbox. An electronic lockbox is either a wholesale or retail lockbox that processes transactions electronically. The remitter can provide payments through ACH, by wire transfer, or with paper check. Electronic lockboxes collect and deposit all three. The accounting information can be captured and transmitted via computer-to-computer link, magnetic tape, or in hard copy from the lockbox bank to the activity.

240302. The Lockbox Collection Process. The designated financial agent, acting as the lockbox bank, will assign a unique post office box number to the billing activity of the agency, to facilitate receipt and processing of collections. The billing activity shall advise remitters to mail payments and associated remittance documentation directly to the assigned post office box number. The designated financial agent picks up the mail several times a day from the post office box. Lockbox bank personnel open the mail and process it according to the agency's instructions. Check remittances are cleared through the banking channels in accelerated batches. A record of the payment is forwarded to the agency. Agencies have the option of receiving a copy of the payment checks and/or invoice. The designated financial agent forwards correspondence received with the payment to the agency. Each day, the designated financial agent enters, verifies, and reports total deposit information into the CASHLINK II system via personal computer, mainframe, or touch-tone telephone. The designated financial

agent reports the deposit data to the Department of the Treasury and the agency via [CASHLINK II](#). On the following business day, the bank transfers the funds by wire or ACH to FRBNY with credit to the DO's DSSN designated in the MOU. The bank will issue a Standard Form (SF) 215 (Deposit Ticket) for the daily deposit.

A. [Billing Activity Documentation](#). The bank will forward, via overnight delivery, the agency and/or memorandum copy of the SF 215, an Advice of Deposit, and all supporting remittance documentation received in the lockbox to the billing activity. Upon receipt of the deposit documentation, the billing activity shall reconcile the remittance documentation against the dollar amount indicated on the accompanying SF 215 and Advice of Deposit. Within 5-work days of receipt of the documentation, the billing activity shall prepare an [SF 1080 \(Voucher for Transfer Between Appropriations and/or Funds\)](#) for the SF 215 and forward it to the DO designated on the SF 215. The SF 1080 shall furnish complete collection information and accounting data, as appropriate (receiving activity, date of receipt, remitter, purpose of remittance, the complete accounting citation(s) to which the collection is to be credited, the contract number(s), contract line item number(s), sub-line item number(s), and accounting classification reference number(s) for each remittance included in the SF 215 total).

B. [Disbursing Office Documentation](#). The confirmed copy of the SF 215 and an Advice of Deposit will be forwarded via First Class mail to the disbursing office. The DO shall prepare a DD Form 1131 crediting the lockbox deposit to **F3875, Budget Clearing Account (suspense), pending receipt of a SF 1080 from the billing activity citing the appropriation(s) to be credited. The DD Form 1131 and SF 215 shall be reported on the [DD Form 2657 \(Daily Statement of Accountability\)](#) as a Reimbursement (line 4.1E) and a Deposit (line 4.2A). Once the disbursing office receives the completed SF 1080 from the billing activity, the disbursing office shall charge **F3875, Budget Clearing Account (suspense), assigning the voucher number, and processing the voucher as a disbursement and a collection. The SF 1080 shall be recorded on the DD Form 2657 as a Gross Disbursement (line 4.1A) and a Reimbursement (line 4.1E).

C. [Lockbox Debits](#). The bank will issue an SF 5515 (Debit Voucher) to the DO to process a decrease resulting from duplication of a deposit, dishonored checks, or adjustments to deposits erroneously credited. The bank will forward dishonored checks with the SF 5515 for processing.

240303. [Electronic Lockbox Process For ACH Credit Transactions](#)

A. The federal agency advises the consumer or corporation of the obligation due the Government and provides the consumer or corporation with the appropriate information to include in the transaction.

B. The consumer or corporation provides the detailed payment instructions to its financial institution to authorize the ACH credit transaction to the designated financial agent in [the Treasury FMS network](#).

C. The designated financial agent deposits the funds for credit to the Department of the Treasury's account at the FRBNY.

D. The designated financial agent forwards the deposit data to the Department of the Treasury and the agency via CASHLINK II.

240304. Criteria for Participation. The use of the lockbox mechanism as a collection option requires: collections of \$1 million or more average monthly dollar volume; recurring and nonrecurring, confirmed and intermittent transactions; and approval must be obtained from the servicing DFAS site to implement a lockbox operation.

240305. Lockbox Implementation. Generally, a lockbox application is identified through cash management reviews and audits. DoD activities desiring to use lockbox services should contact Treasury FMS through the supporting DFAS site, and provide an updated cash flow review consisting of current collection practices and deposit information. Treasury FMS and the DoD activity jointly will complete a cost-benefit analysis to determine: the total days of float in the activity's current collection system and the lockbox system; the costs (including float) associated with the activity's current collection system and the lockbox system; and the optimal sites within the lockbox network to process the activity's remittances. If the lockbox is considered to be cost beneficial, the Treasury FMS will then select a network bank for the activity to implement lockbox services. Activities utilizing lockbox collection services (billing activity) shall enter into a MOU with Treasury FMS and the lockbox bank designated by Treasury FMS. The MOU will incorporate the terms and specifications for the lockbox services to be provided to each billing activity that will provide the necessary information pertinent to internal controls and the Department of the Treasury's financial regulations and reports. Recommendations will be made for an alternative collection mechanism when a lockbox application is not viable.

240306. Scanned Documents and Digital Imaging. Imaging is the creation of digitized images of remittance documents that can be displayed, enlarged, tagged, annotated, routed, duplicated, stored, and indexed. The financial agents in Treasury's FMS lockbox network can provide federal agencies with images of checks, envelopes, invoices, remittance advices and correspondence.

***2404 INTRA-GOVERNMENTAL PAYMENT AND COLLECTION SYSTEM (IPAC)**

240401. Applicability. This section describes the procedures for IPAC between federal agencies. Retirement Insurance Transfer System transactions will also be transmitted to Office of Personnel Management via IPAC. This section also identifies general requirements and technical specifications prescribed by the Department of the Treasury. The IPAC system will be used for transactions with other federal agencies.

240402. The IPAC system, which is a component of the Government On-Line Accounting Link System II (GOALS II), establishes a standardized interagency billing, transfer and adjustment procedure via a web browser or host-to-host. If initiated by the billing agency

(i.e., a collection), then the transaction provides essential invoice information and immediately charges the funds to the 8-digit customer agency location code (ALC). Within DoD, the 8-digit ALC is the 4-digit DSSN preceded by 4 zeros. Upon fulfilling the customer agency's order or requisition for services purchased or supplies shipped, immediate payment is accomplished by the billing agency crediting its own ALC and charging the customer agency's ALC. A transaction initiated by the customer agency (i.e., disbursement) is used to credit funds of the billing ALC when a hardcopy invoice is received or to transfer payroll deduction type payments (e.g., Internal Revenue Service or Veterans Education Assistance Program). The IPAC system accomplishes the following: (1) [facilitates timely posting of collections to reduce receivable balances](#); (2) eliminates the paper flow between agencies; (3) eliminates the use of Treasury checks between agencies; (4) improves cash management; and (5) establishes the Department of the Treasury as the collection agency.

240403. Originating the Intra-governmental Transactions

A. Trading Partner Agreement. The U.S. Treasury recommends the use of Trading Partner Agreements (TPA) between ALCs in order to help facilitate the payment/collection process. These TPAs contain agreed upon terms between the ALCs that help ensure that necessary transaction information is provided so that both sides will be able to reconcile their transactions. Although TPAs are not required by the Treasury, DoD Business Rules require the use of TPAs by any ALC that does any IPAC transactions with a DoD ALC. An example of a Bi-lateral TPA is in Figure 24-4.

B. Initiating the Order. The customer agency must include its ALC on all requisitions or order forms forwarded to the billing agency. This code identifies the customer agency to be billed for services or supplies. The billing agency will provide the customer agency with appropriate instructions for transmitting this information. In addition, the customer agency is advised to include sufficient descriptive information on the requisition or order form which the billing agency will place in the description section of the bill. This will enable the customer agency to match the bill with the originating requisition when the bill is received on the customer's computer system. The primary match will be on the originating document number. IPAC was not designed to be dependent on appropriation data as criteria to match an existing obligation since the Department of the Treasury transfers funds at ALC level.

C. Initiating the IPAC Transaction. The transactions can be input manually into the on-line system or created automatically by accounting or disbursing systems for bulk data transfer or host-to-host transmissions. The system automatically will issue an IPAC Document Reference Number (DRN) that is the equivalent of a U.S. Treasury check number and will ensure that no two transactions have the same number. Whether on-line or bulk data transfer, the transaction originator must include a point of contact and telephone number to ensure the receiving agency can accurately determine the need for adjustment. A collection or disbursement voucher (e.g., DD Form 1131, SF 1080 or [SF 1034](#) (Public Voucher for Purchases and Services Other than Personal)) shall be prepared for each bill or payment entered in the system and processed through the DO in the same manner as other vouchers except that no check or cash payment is sent or received.

D. Required Data Elements for Initiating IPAC Transactions. There are mandatory fields that must be filled out in the IPAC system to process specific IPAC transactions. These data elements vary by transaction type and are required by the Treasury. The mandatory fields for each transaction are:

1. Payment and Collection Transactions

- a. ALC Contact
- b. Contact Telephone Number
- c. Contact E-mail Address
- d. Originating ALC
- e. Customer ALC
- f. Invoice Number
- g. Pay Flag
- h. Quantity
- i. Unit Price
- j. Unit of Issue
- k. Detail Amount
- l. Obligating Document Number
- m. Purchase Order Number
- n. Receiver Department Code
- o. Sender Treasury Account Symbol (TAS)
- p. Sender Business Event Type Code (BETC)
- q. Sender U.S. Standard General Ledger Account Information
- r. Receiver TAS
- s. Receiver BETC

2. Adjustment Transactions
 - a. ALC Contact
 - b. Contact Telephone Number
 - c. Contact E-mail Address
 - d. Originating ALC
 - e. Customer ALC
 - f. Amount
 - g. Original IPAC Document Reference Number
 - h. Original Disbursing Office Symbol
 - i. Sender TAS
 - j. Sender BETC
 - k. Sender U.S. Standard General Ledger Account Information
 - l. Receiver TAS
 - m. Receiver BETC
 - n. Original Accomplished Date
3. Zero Dollar Transactions
 - a. ALC Contact
 - b. Contact Telephone Number
 - c. Contact E-mail Address
 - d. Originating ALC

In addition to the Treasury required information, an ALC can require specific and or descriptive data necessary for their ALC to process the transaction completely. This specific information should be outlined in the TPA that was agreed upon by the participating ALCs.

E. Transmitting/Receiving an IPAC Transaction. Bulk files are queued for processing as soon as they are received into the IPAC system; all other transactions are transmitted in “real-time”. The receiving agencies on the IPAC system can print out their activity at their site immediately, for any time period, by entering a date range, to assist the ALC in ensuring all transactions are accounted for on the current month SF 1219 (Statement of Accountability). Transaction data is available on-line for 18 months.

240404. Processing Cycle. The IPAC system is available through the last day of each month to enter bills or transfers for that month. However, unless a different cutoff date and time has been agreed upon in a TPA, agencies will not process any new transactions the last four workdays of the month to avoid month end accounting problems. Refer to Chapter 19 of this volume for instructions on reporting prior month IPAC transactions that are processed in current month accountability.

240405. Recording IPAC Transactions. The transaction is recorded on lines 2.8 and 4.1 (A or E, as applicable) of the DD Form 2657 and on the SF 1219. If a hardcopy SF 1219 is used, then cross through line 2.39 and replace with 2.8. Refer to Chapter 19 of this volume for instruction on preparation of these forms. At the end of each month, both the customer agency and the billing agency must also report the applicable appropriation or fund symbol amount for all original transactions and adjustments on its DD Form 1329 (Statement of Transactions).

A. Monthly Reporting of Differences by the Department of the Treasury to Agencies. The Department of the Treasury will compare the customer and billing agencies' SF 1219 with the IPAC data. If there is a difference, then an FMS Form 6652 (Statement of Differences, Disbursing Office Transaction) will be generated. This statement is prepared by the Department of the Treasury on a monthly basis and provided to each agency's departmental reporting office. Also accompanying the FMS Form 6652 will be a "Monthly Register of Transactions," which gives a detail of all transactions charged against a particular ALC. Agencies will investigate the differences and make the necessary corrections on their next SF 1219. Corrections reported in months subsequent to the month in which the error occurred are reported as separate 2.8 lines on the SF 1219. For example, an amount reported erroneously in January is corrected in the February accounting month. The February SF 1219 will have two 2.8 lines: one for the net total of transactions processed in February and one for the January corrected amount.

B. Monthly Reporting of Unprocessed Transactions by IPAC Customer Agencies. Unidentified transactions between federal agencies, including IPAC transactions, will be debited or credited to account F3885, Undistributed Intergovernmental Payments. Perform the following actions to process these IPAC transactions:

1. The Department of the Treasury identified a three-digit limit, F3885.007, specifically for IPAC. All new transactions that remain unclassified at month-end will be recorded in F3885.007.

2. The detailed transactions and the reconciliation to the Department of the Treasury will remain in the existing tool used for recording and clearing unprocessed IPAC transactions.

3. Per [TFM Bulletin No. 2007-7](#), the Treasury discontinued the use of suspense “F” accounts (such as F3875 and F3885) unless an agency submitted a waiver and had it approved. DoD submitted a waiver, and it was approved in April of 2008 by the Treasury. For those entities that have an approved waiver, the F3875 suspense account is to temporarily hold unidentifiable collections or for other business processes approved by FMS. Under no circumstances shall an agency make payments from the F3875 suspense account. For an example of the usage of F3875, refer to [Chapter 10](#) of this volume. In addition, per TFM Bulletin No. 2007-7, F3875 shall not be used within the IPAC system. In the event that a suspense account must be used to correct existing transactions, the account that shall be used is F3885. All transactions placed into a suspense account must be worked and cleared out, in order to remove them from suspense, within 60 calendar days.

240406. Adjustments of Erroneous Charges. Both the billing and customer agencies should recognize that the system cannot tolerate uncontrolled charges or adjustments. The adjustment should not be used to adjust charges that originated under other billing systems. The charge should also not be considered erroneous simply because the customer agency receives the paid billing statement before supplies are received. If the receiving agency subsequently finds that the transaction was erroneous, then the adjustment should be made at that time. However, the receiving agency is limited to 90 days to process the adjustment. [It should be noted that the sending agency also has the ability to make an adjustment to an erroneous transaction prior to, or after its submission to the receiving agency within 90 days.](#)

A. First, the agency representative that created the original transaction should be contacted. If the transaction is erroneous, then the receiving agency will access the IPAC on-line system and make the menu selection for IPAC adjustments. The IPAC system will guide the user with prompts. The user will enter all pertinent data as requested. The IPAC system contains edits to ensure that the original transaction is matched. Once the data is entered correctly, the system will issue an IPAC Adjustment Voucher Number unique to each transaction. Adjustments are considered a new transaction for reporting purposes and included in the net totals for [the](#) month in which the adjustment is accepted in IPAC.

B. In cases where the originating agency later concludes that the adjustment (or a portion thereof) was improper, it must communicate this to the receiving agency, preferably by telephone. When agreement is reached, a second IPAC transaction will be prepared for the proper amount.

240407. Basic Criteria to Access the IPAC System. In order for billing and customer agencies to use the IPAC system, the following are required:

A. Access to the internet, a browser with 128-bit encryption (the browser must have cookies enabled), and software to view Portable Document Format (.PDF) files and Excel files (.XLS and .CSV).

B. The Department of the Treasury must assign each ALC an Identification Number and password that will enable access to the system. The Department of the Treasury also requires the ALCs of the corresponding agencies from which the transactions will originate or be received. Agencies that are Non-Treasury disbursing offices (such as DoD) control their own Billable/Non-billable status.

240408. Restrictions. The Department of the Treasury reserves the right to (a) make any adjustments centrally in Treasury's Central Accounting System and (b) to remove any agency from IPAC in those instances when the agency fails to comply with the rules and regulations set forth by the Department of the Treasury. For additional information on IPAC, refer to [Chapters 10](#), [11](#) and [22](#) of this volume and Volume 4, [Chapter 3](#) of this regulation.

2405 REMITTANCE EXPRESS (REX)

240501. Remittance Express. The REX program was introduced in June 1995. REX is designed to allow the Federal Government to receive ACH credits directly into the TGA from the private sector for payments to a federal agency. [In order](#) to receive payments via REX, the federal agency enters into an MOU, completes, and signs the ACH Account Set-Up Form with Treasury FMS. This form authorizes the establishment of the ACH account. The form is then sent to CASHLINK II operations for entry into the CASHLINK II REX table. The detail information from the ACH files can be viewed in CASHLINK II and [may](#) be downloaded for posting to the agency's remitter files. The REX program works in conjunction with CASHLINK II and is designed to improve and streamline the process by which private sector remitters initiate payments to the Federal Government. This electronic payment process is based upon the ACH electronic funds network. It allows a federal agency to use the ACH network to receive payments from its remitters. The remitter pays an obligation to the federal agency by sending an ACH credit transaction to a unique routing transit number at the FRB of Richmond. The transaction information includes program and remitter information to identify both the sender of funds and purpose of payments.

240502. The Remittance Express Process

A. The federal agency advises the consumer or corporation of the obligation due the Government, either by invoice, bill, letter, or other means. The agency also supplies the consumer or corporation with the appropriate information to include in the transaction.

B. The consumer or corporation provides the instruction to its financial institution on the correct ACH format to use (e.g., Cash Concentration or Disbursement Plus Addendum (CCD+) or the Corporate Trade Exchange (CTX)) and the information to include, and authorizes an ACH credit transaction to the FRB.

C. The FRB receives the transaction and credits the Treasury's account.

D. Transaction information is submitted to the Treasury and the agency via CASHLINK II. The transaction information includes both detailed payment information and summary SF 215 information. The agency can download the information to update its accounts receivable system.

240503. Authorized Formats. REX is designed to accept corporate formats approved by the [National Automated Clearing House Association \(NACHA\)](#). It is anticipated that the vast majority of payments will be received in either the CCD+ or CTX format. (The CTX format can also have addendum records attached to transactions.) Program Implementation Data Sheets used to establish REX transactions (in CCD+ and CTX formats) are available through your servicing Treasury FMS office. These data sheets include the required fields for REX and identify the discretionary fields agencies may use for program information. This information is necessary for the remitter's financial institution and/or the remitters ACH origination unit to ensure prompt and accurate accounting for payments. Regardless of the ACH format used the payment and addendum information are always received together.

240504. Originating Depository Financial Institution (ODFI) Service Options (ACH Debit). Treasury FMS provides federal agencies with two ODFI service options for processing ACH debit transactions: (1) Treasury's FMS general lockbox financial agents and (2) Treasury's FMS Kansas City Financial [Center](#) (KFC).

A. Treasury's FMS General Lockbox Financial Agent's – The Electronic Lockbox for ACH Debit Transactions. There are two types of preauthorized debit (PAD) applications that the federal agency may use: (1) recurring and (2) customer-initiated entries.

1. Recurring PADs/Direct Payments. Recurring PADs/Direct Payments are authorized by the remitter in writing, in advance, to occur at regular intervals. For the life of the agreement with the remitter, only one authorization is needed unless the terms of the agreement change. Recurring PADs/Direct Payments permit federal agencies to collect payments automatically on a predetermined date from remitters. Since the agency initiates the transaction, it can predict when payments will be received and the amount of funds to be collected on a given day. Recurring PADs/Direct Payments can be used to collect license fees, loan payments, and grant repayments.

2. Customer-Initiated Entries (CIEs). The agency bills the remitter for the amount of the obligation due the Government. Once a financial agent has been designated in the General Lockbox Network for the agency's use, the remitter calls the financial agent (via a voice response system), identifies himself/herself through a unique customer number, and enters security codes, the payment amount, and date. On the date the remitter specifies, the amount will be debited from the remitter's bank account and credited to the Treasury's account. The funds are properly credited to the ALC of the appropriate agency. The agency can view the deposit information [using](#) CASHLINK II on the following business day.

The deposit data is forwarded to the agency in the format the agency prefers. CIEs afford remitters the opportunity to maintain control over their funds by initiating the payment.

B. Treasury Financial Management Service Kansas City Financial Center

1. **The KFC** can serve as an ODFI for recurring and nonrecurring collections using the PAD program. The PAD process begins at least 1 day before the settlement date. The KFC PAD Process: The agency enrolls remitters in the PAD program. One business day prior to settlement, the agency transmits a file of collection entries to KFC. KFC reformats the file into the NACHA format. The KFC transmits the file to the Kansas City Federal Reserve Bank (KCFRB) for processing. **The KCFRB** distributes the collection entries through the ACH system to the remitter's financial institution. On the settlement date, the remitter's financial institution posts the debit to the remitter's account. The remitter's financial institution transmits the funds via the ACH network to the KCFRB. The KCFRB credits the Treasury's account. KFC reports the deposit data to the Department of the Treasury and the agency via CA\$HLINK II.

2. Treasury FMS KFC offers four levels of PAD service.

a. **Mainframe** - The agency maintains the database of remitters (basic service) on its mainframe system. The business day prior to settlement, the agency transmits the collection file to KFC. On the settlement date, KFC reports account totals to the agency via CA\$HLINK II.

b. **PC** - The agency maintains the database of remitters using an off-the-shelf PC software package that is supplied by KFC. The software is used to generate and transmit a collection file to KFC, as well as provide detailed collection reports to the agency. On the settlement date, KFC reports account totals to the agency via CA\$HLINK II.

c. **KFC maintains PAD database** - KFC maintains all aspects of the agency's remitter database. The agency provides KFC with the collection information. KFC generates the collection file and provides the agency with detail collection reports. On the settlement date, KFC reports account totals to the agency via CA\$HLINK II.

d. **Customized service** - KFC creates a customized PAD service to meet the agency's needs. With all four levels of service, an agency can review its daily activity via CA\$HLINK II.

240505. The Electronic Lockbox Process for ACH Debit Transactions. The remitter must enroll with the agency and/or the designated lockbox financial agent. The remitter's account is automatically debited on the settlement date (i.e., recurring PAD) or the remitter calls a designated financial agent in the lockbox network and requests a specific amount to be debited from the remitter's account on the settlement date (i.e., customer-initiated entry). The designated financial agent automatically collects and deposits all funds for credit to the

Department of the Treasury's account at the FRBNY. The designated financial agent forwards the deposit data to the Department of the Treasury and the agency via CASHLINK II.

2406 PAY.GOV

Pay.gov was developed by the Department of Treasury's FMS to meet a commitment of processing collections electronically using internet technologies. Pay.gov satisfies agencies and consumers demands for electronic alternatives by providing the ability to complete forms, make payments and submit queries 24 hours a day electronically. Pay.gov is a secure government-wide collection portal and provides a suite of services allowing agencies to obtain and process collections in an efficient and timely manner. The Pay.gov application is comprised of 4 services: Collections (ACH and Credit Card), Forms, Billing/Notification, and Reporting. Agencies considering using Pay.gov are directed to the following website for more information <http://fms.treas.gov/paygov/gettingstarted.html>.

2407 TRANSACTION REPORTING SYSTEM (TRS)

* TRS is an on-line, centralized repository of detailed deposit and collection transaction data that has been collected from all of Treasury's collection systems and settlement mechanisms into a single system. TRS provides the ability for agencies to view summary data or to the lowest detail level, extract and analyze data in various scenarios, and produce flexible, standardized reports based on agencies' needs. TRS is scheduled to eventually replace CASHLINK II for deposit and collection recording. Currently, TRS does not contain all the functionality of CASHLINK II, therefore, until all functionality is integrated, CASHLINK II will remain available for use. For more information on TRS, visit the following website <http://www.fms.treas.gov/trs/index.html>.

2408 TREASURY GENERAL ACCOUNT DEPOSIT REPORTING NETWORK (TGANet)

* TGANet is a web-based application, developed by the Federal Reserve Bank of St. Louis for the U.S. Treasury. TGANet helps to automate the over-the-counter deposit process by allowing a deposit preparer to input deposit information for cash and checks into TGANet to produce an electronic SF 215, instead of manually inputting it on a paper SF 215. In addition to the standard SF 215 data, the deposit preparer can select a TAS, which is required for deposits to the Treasury. This process alleviates the need for the financial institution to re-key accounting information needed by the Treasury. The electronic form of the SF 215 is fed electronically to the TGA financial institution for confirmation. Once the deposit is confirmed, the information is transmitted to CASHLINK II and TRS. Deposit adjustments can be handled electronically by the financial institution. Agencies considering using TGANet are directed to the following website for more information <http://www.fms.treas.gov/tganet/index.html>.

2409 PAPER CHECK CONVERSION OVER THE COUNTER (PCC OTC)

* PCC OTC is a Treasury application used to convert U.S. negotiable instruments (such as personal checks, money orders, and Treasury checks) other than cash, into electronic funds

transfers. The checks can be processed when received over the counter at the point-of-sale or through the mail. The checks are scanned via a check imager terminal. Once the check is imaged, the agency may enter information into agency-specified configurable fields (e.g., amount of transaction, Social Security number, address). The images and data are transmitted to the PCC OTC application. PCC OTC supplies the check information and images to the collection application, which will either convert the check to an ACH debit or truncate it under Check 21 and present it via an image cash letter or as a substitute check depending on the agency specific processing setup. Agencies considering using PCC OTC are directed to the following website for more information <http://www.fms.treas.gov/pccotc/index.html>.

* 240901. Procedures. The FMS has created a set of Standard Operating Procedures (SOP) that should be followed whenever using the PCC OTC application. This SOP outlines the day to day operations involved in processing transactions through PCC OTC. The SOP can be found at the following website <https://www.pccotc.gov/pccotc/Downloads/sops.htm>.

* 240902. Forms. There is a User Access Request Form that must be filled out before access will be granted to the PCC OTC application. In addition to the User Access form, there is a PCC OTC Security Contact Authorization form. The purpose of the PCC OTC Security Contact Authorization Form is to designate PCC OTC Security Contacts. These contacts are authorized to request access be granted to another individual to the PCC OTC system. It must be approved by a third party in a managerial position and a person cannot authorize him/herself. These forms, as well as instructions on filling them out, are available at the following website <https://www.pccotc.gov/pccotc/Downloads/securityforms.htm>.

* 240903. Policy. In order to ensure the separation of duties, the individual scanning checks into PCC OTC cannot also be the individual responsible for releasing the batch for processing. The individual responsible for releasing the batch must review all items presented for deposit before submitting the batch. The review shall include at a minimum the verification that:

- A. The written amount of the item matches the amount entered by the individual that scanned the item;
- B. A clear image of the item scanned is present; and
- C. Any discrepancies found during the review are corrected.

(1/10/05)

OFFICIAL AUTHORIZATION LIST (Government Organizations)

Federal Government
 Routing Transit No. (RTN) _____
 Page _____ of _____

This supersedes our previous
 Official Authorization List:
 (Circle:) YES or NO

If neither is circled, previous list will also remain in effect

Name of Organization:	Effective Date:
Street Address:	Telephone:

To the Federal Reserve Banks: Below are the names, titles, and signatures of the individuals authorized to execute contracts and transact business with you and to issue instructions on behalf of the Organization identified above.

Name and Title (printed): **Telephone No. and E-Mail Address:** **Signature:** **Limitations to Authority:**
(leave blank if no limitations)

Authorizing Official (must be authorized by an authorization letter submitted to the Federal Reserve Banks by the Organization to contractually bind the Organization and to provide a list of other Organization officials who are authorized to execute contracts and transact business with the Federal Reserve Banks and to issue instructions on behalf of the Organization):

Signature _____ _____ (Printed Name and Title of Authorizing Official) _____ (Telephone) _____ (E-Mail Address)	State of _____) County of _____) Subscribed and sworn to before me on _____, 20____, <small>(Date of Signature)</small> by _____. <small>(Authorizing Official's Printed Name)</small> _____ Notary Public <small>(Notary Seal)</small>
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Figure 24-1. Official Authorization List

Instructions for Completing the Official Authorization List (Government Organizations)

The following provides information for completing the *Official Authorization List (Government Organization)* form:

- Provide the Federal Government Routing Transit No. (RTN) (nine-digit number sometimes referred to as an “ABA”) that has been issued to your organization for purposes of accessing Federal Reserve Bank services. Also, provide the official name, complete street address and telephone number of your organization.
- Provide the date on which the *Official Authorization List* becomes effective.
- Indicate whether the list supersedes or adds to a previously submitted *Official Authorization List* by circling the “Yes” or “No”, as applicable, at the top right-hand corner of the form. (If nothing is indicated, then the previous *Official Authorization List* will also remain in effect).
- The *Official Authorization List* form contains space for listing six individuals. If your organization needs to identify additional authorized individuals, please submit additional form pages. In every case, indicate the page number of each form page and the total number of pages being submitted as a single list (i.e. “Page 1 of 1” or “Page 2 of 4”).
- Print the name and title of each authorized individual. Provide a signature specimen for each individual listed.
- Unless expressly limited in the “Limitations of Authority” box provided on the form, the individuals identified on the *Official Authorization List* will be able to transact business and provide instructions to the Reserve Banks with respect to all Reserve Bank services accessible by your organization. It is not necessary to list all of the individuals who will be contacting or dealing with the Reserve Banks on the *Official Authorization List*. What is important is that you identify at least one or two individuals who are authorized by the *Official Authorization List* to transact business for each of the services that your organization accesses. Many of our services require authorization lists specific to that service (for example, off-line funds transfer authorization lists or the End User Authorization Contact form). These specialized authorization lists can only be submitted by an individual who is authorized on this *Official Authorization List*.
- In the “Limitations to Authority” section, specify whether the individual’s authority to transact business with and issue instructions to the Federal Reserve Banks is limited to a particular service(s) (for example, “check and ACH services only”). Authority to designate others on any specialized authorization list (see the bullet point above) will also be limited to that particular service. ***Additionally, authority to use electronic access for the particular service(s) listed will be included.*** (For example, an Individual limited to “check and ACH services only” will be authorized to access such services through FedLine® access channels). Please note, other limitations such as dollar amount will not be accepted. If there are no service limitations, please leave the box blank.
- The *Official Authorization List* must be signed by an “Authorizing Official” of your organization. The “Authorizing Official” is an official of your organization who has been identified in an authorization letter submitted to the Federal Reserve Banks as having the authority to execute contracts and provide a list of other officials of your organization who are authorized to execute contracts and transact business with the Federal Reserve Banks (the approved form for this authorization letter will be provided to your organization upon request and the letter must be submitted on the official letterhead of your organization). Please print the Authorizing Official’s name and title, and provide his/her telephone number and e-mail address. The Authorizing Official’s signature must be notarized. (For multiple-paged *Official Authorization Lists*, each page must be signed by the Authorizing Official, but only the signature on the first page must be notarized).
- Please return the properly completed and signed *Official Authorization List* to
**East Rutherford Operation Center
100 Orchard Street
East Rutherford NJ 07073**

“FedLine” is a registered trademark of the Federal Reserve Banks.

Figure 24-2. Instructions for Completing the Official Authorization List (Government Organizations)

(Agency Letterhead)

(Date)

To the Federal Reserve Bank of _____:

In order to allow for designated Department of Defense (“Agency”) employees to be able to use certain Federal Reserve Bank services and effect transactions through the Agency’s account, please be advised that the following persons [and each of their successors in office] are each hereby authorized to execute agreements relating to such services and to transmit to the Federal Reserve Banks a list of the names, titles and signatures of Agency employees, including themselves, to be recognized as authorized to transact business and issue related instructions on behalf of the Agency:

[insert names & titles]

Agency employees designated as having authority to issue instructions or otherwise transact business with the Federal Reserve Banks are authorized to view information, issue instructions and engage in transactions on behalf of Agency as necessary or incidental to such business. The Federal Reserve Banks’ Operating Circulars, including where appropriate Operating Circular No. 5 and the Certificate Practice Statement, will govern access by Agency employees to Federal Reserve Bank services except to the extent that such Operating Circulars are inconsistent with any specific fiscal agency delegation or agreement.

This authorization is to remain in effect until I (or my successor in office) notify you in writing of any change, and you have had a reasonable time to act on such notice.

(Agency) DoD signature

By: _____

Name: _____

Title: _____

Figure 24-3. Agency Authorization Letter

BI-LATERAL TRADING PARTNERSHIP AGREEMENT

Intra-governmental Payment and Collection (IPAC) Trading Partnership Agreement between the Defense Finance and Accounting Service, Agency Location Code (ALC) 0000_____ and _____, Agency Location Code (ALC)_____.

Reimbursable billings (SF-1080/1081) will be generated by ALC 0000_____ and ALC_____ for payments and collections from each other. IPAC is the preferred method of collecting these receivables. This agreement states that ALC 0000_____ and ALC_____, will provide all data elements required below for all transactions processed by both Trading Partners.

The following IPAC data elements will be provided when initiating an IPAC transaction between trading partners.

Required Treasury Fields:

- ALC Transaction Contact (Technical POC)
- Contact Phone
- Contact E-mail Address
- Purchase Order Number
- Invoice Number
- Quantity
- Unit of Issue
- Unit Price
- Detail Amount
- Pay Flag
- Sender's Treasury Account Symbol
- Receiver's Treasury Account Symbol
- Sender Standard General Ledger Account Information
- Receiver's Department Code
- Accounting Classification Code
- AAA/APC/FSN/ADSN
- Obligating Document Number (MIPR Number)
- Sender and Receiver Business Event Type Code (BETC)
- Sender and Receiver Business Partner Network number (BPN)

The Transaction Description field on each detail line MUST be used to supply the additional information requested by the trading partners:

- Complete Line of Accounting (LOA) to include Fiscal Station Number (FSN), Accounting and Disbursing Station Number (ADSN), Authorization Accounting Activity (AAA), or Accounting Processing Code (APC)
- Brief description of goods and services
- Receiving office Point of Contact and phone number if available

“One-to-one billing” will be used by both partners. “One-to-one billing”, for the purpose of this agreement, means the use of detail lines will be done when funds, for more than one action, are processed on a single IPAC transaction. For example, the summary amount may be \$500.00, but if funds for two separate actions are included in this amount, then there must be two detail lines.

ALC 0000_____ will not initiate or accept any new IPAC transactions during the last four business days of the month. Only adjustments entered or charged will be accepted. Any exceptions must be coordinated with the POC listed below.

Both trading partners have the right to reverse (adjust), without notice, any transaction that does not belong to their ALC, does not contain the required information referenced above or if the transaction exceeds authorized funding.

Figure 24-4. Example of a Bi-lateral Trading Partner Agreement

The Intra-governmental Business Rules, [TFM Bulletin No. 2007-3](#), mandate that trading partners register their BPN numbers in the BPN Federal Register ([FEDReg](#)). For the purposes of this agreement, the requesting agency is the buyer and the providing agency is the seller.

The following information must be exchanged between trading partners at the time of procurement:

- The common agreement number (order number)
- Funding Source
- Buyer TAS
- Seller TAS
- Buyer BETC
- Seller BETC
- Effective Date
- Duration of Agreement
- Expiration date of Funding Source
- Amount
- Method of Payment
- Buyer BPN
- Seller BPN
- Method of Performance
- Frequency of Performance
- Provisions for Advance Payments
- Method of liquidating Advance Payments
- Trading partners' right to modify, cancel, or terminate the agreement

Dispute Resolution:

Both the Buyer and the Seller agree to contact the POC, in a timely manner, to try and resolve any discrepancies before reversing transactions that fall outside the guidelines for automatic adjustment mentioned on the previous page.

Both Trading Partners must agree to any amendments to this agreement prior to implementation.

Accounting/Finance office POC information

Name:
Location:
Telephone Number:
Email Address:

Contracting Office Contact

Name:
Phone Number:

This agreement will commence on _____. Any amendments must be agreed upon by both trading partners prior to implementation.

_____ Disbursing Officer/Deputy

_____ Disbursing Officer/Deputy

_____ Accounting Representative

_____ Accounting Representative

Figure 24-4. Example of a Bi-lateral Trading Partner Agreement (continued)