

CESAS-RM-F
DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, SAVANNAH
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DISTRICT PAMPHLET
NO. 37-1-7

5 Mar 02

Financial Administration
ACCOMMODATION/CONVENIENCE CHECK PROGRAM

1. Purpose. This district pamphlet designates responsibilities and prescribes local policies and procedures related to the implementation and operation of accommodation/convenience check accounts.
2. Applicability. The provisions of this pamphlet apply to Savannah District team members involved in business processes associated with this program.
3. References.
 - a. Memorandum, Under Secretary of Defense (Comptroller), 5 Aug 97, subject: Purchase Card Reengineering Implementation Memorandum #5 - Accommodation Checks.
 - b. Memorandum, CEPR-O, 13 Mar 98, subject: OUSD(C) Purchase Card Memorandum Number 5 - Accommodation Checks.
 - c. Memorandum, SARD-PI, 19 Feb 98, subject: OUSD (C) Purchase Card Memorandum Number 5 - Accommodation Checks.
 - d. Memorandum, Deputy Assistant Secretary of the Army (Financial Operations), 4 Feb 98, subject: OUSD (C) Purchase Card Memorandum Number 5 - Accommodation Checks.
 - e. DP 715-1-1, Government-Wide Commercial Credit Card For Micro-Purchases, 20 Dec 00.
4. Acronyms & Definitions.
 - a. APC. Agency Program Coordinator.
 - b. AO. Approving Official.

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c. EFT. Electronic Funds Transfer.

d. IMPAC. International Merchant Purchase Authorization Card.

e. Insufficient Funds Fee. A fee assessed when a check is presented for payment from an account that has an insufficient balance to cover the amount of the check.

f. Stop Payment Fee. A fee assessed for ordering US Bank to refuse to honor a specified check drawn.

5. Responsibilities.

a. District Commander or designee:

(1) Must approve a request for a convenience check account.

(2) Will appoint personnel in writing as approving officials, cashiers, custodians, and inspectors.

b. Resource Management Office:

(1) Will serve as proponent for the program.

(2) Will assist Contracting Division in training cashiers, check custodians, and approving officials.

(3) Will provide training to appointed inspectors.

c. Contracting Division/ IMPAC Agency Program Coordinator (APC):

(1) Will be the "gateway" and serve as a liaison with US Bank in setting up the accounts.

(2) Will sign and forward Form: CHSET-DOD (Cardholder/Convenience Check Setup) to US Bank.

(3) Will provide training to cashiers, check custodians, and approving officials on standard IMPAC program as well as on the convenience check account requirements and responsibilities set forth in the above references.

(4) Chief of Contracting Office shall ensure convenience checks are safeguarded to ensure good stewardship, discourage, and detect fraudulent actions with the checking accounts. Checking accounts must be audited on a quarterly basis. Audits will be conducted by a duly appointed disinterested third party under the guidance of the local Internal Review Office. The quarterly audit requirement must be added to the management control checklist of Government Purchase card.

d. Inspectors:

(1) Must be disinterested 3rd parties (i.e., must be independent of the office maintaining the account).

(2) Must perform quarterly unannounced audits/inspections.

(3) Must submit formal audit/inspection reports to the Resource Management Office on a quarterly basis.

e. Checking Account Approving/Certifying Official (AO):

(1) Authorizes and certifies the issuance of checks by cashiers.

(2) Ensures spending limits (i.e., individual check limit, monthly spending limit, and credit limit) are not exceeded.

(3) Reviews monthly statements and supporting documentation to determine if purchases are appropriate and legal, and that items were received; certifies statements for payment.

(4) Must be an IMPAC purchase card approving official.

(5) Must be at least one level in the organization above the check writer.

(6) Shall be accountable and pecuniary liable for the accuracy of the payment.

(7) May not perform functions of the check custodian or cashier.

(8) Shall serve as designated billing (invoicing) official and shall receive and certify payment of the billing statements.

(9) Must give total/unfettered access to all records and documents to authorized inspector.

(10) Must ensure that checks are safeguarded.

f. Check Custodian:

(1) Orders, receives, stores, issues, inventories, reconciles, and disposes of check stock.

(2) Cannot be responsible for originating, approving, and processing the requirement for a check.

(3) Can have an alternate custodian appointed with same authorities as the principal; however, the alternate is to act only in the absence of the principal.

(4) Both principal and alternate custodian may be held pecuniary liable for account transactions under their control.

(5) May also serve as the cashier.

(6) Must ensure that checks are safeguarded.

(7) At minimum, must be a full time Government employee and must be a GS-5 or higher.

(8) Must give total/unfettered access to all records and documents to authorized inspector.

g. Check Cashier:

(1) May also be referred to as the account holder.

(2) Inscribes, signs, and issues checks.

(3) May also serve as the check custodian.

(4) May hold an IMPAC purchase card as long as separate accounts are maintained and applicable policies and procedures are observed.

(5) Both principal and alternate cashiers may be held pecuniary liable for account transactions under their control.

(6) Is the only individual authorized to sign and issue check.

(7) Must ensure that checks are safeguarded.

(8) Assists the AO in ensuring that spending limit and purchasing rules are followed.

(9) Reconciles the bank statements to the retained records.

(10) At minimum, must be a full time Government employee and must be a GS-5 or higher.

(11) Must give total/unfettered access to all records and documents to authorized inspector.

6. Procedures.

a. Background.

(1) The preferred method for making payments to vendors is by electronic funds transfers (EFTs). EFTs are to be used to the maximum extent possible. The Debt Collection Improvement Act of 1996 mandates that all DOD payments are to be made via EFT, effective 1 January 1999.

(2) The policy to eliminate imprest funds was based, in part, on the mandatory EFT requirements enacted as part of the Debt Collection Improvement Act of 1996. Accommodation/convenience checks are not intended to replace imprest funds. In lieu of imprest funds, maximum use shall be made of the IMPAC purchase card for micro-purchases of supplies and/or services. Only when the purchase card cannot be accepted should a convenience check be issued. With the availability of this program, CONUS imprest funds have been closed.

(3) The U.S. Army Corps of Engineers currently uses the US Bank Visa convenience check program. Under this program, convenience check accounts must be established as separate accounts (checks may not be added as an option to an existing card account).

b. General.

(1) Convenience checks are to be used only when sources/vendors do not accept the IMPAC purchase card for items that are needed to fulfill mission requirements. Convenience checks will be made available only to offices that identify micro-purchasing needs that cannot be met through other means.

(2) The minimum requirements to establish local check writing capability are as follows:

(a) The use of convenience checks must be advantageous to the organization/activity, after evaluating all alternatives to accomplish the same purpose.

(b) Before a convenience check is written, effort must be made to use the purchase card. Maximum effort shall be made to find and use vendors that accept the IMPAC purchase card as the primary payment vehicle.

(c) Authority to maintain a convenience check account shall be justified and granted on an individual organization/office basis.

(d) The number of convenience check accounts shall be limited to as few as possible.

(e) All offices authorized to maintain convenience checks should first hold an active (in good standing) purchase card account. An accommodation check cashier may hold an IMPAC purchase card as long as separate accounts are maintained. Note: Convenience check account privileges will be suspended automatically if card account privileges are suspended or revoked.

(f) Appropriate internal controls, to include at least one level of approval above the check writer, shall be maintained.

(g) An individual who is independent of the office maintaining the account shall audit each convenience check account quarterly on an unannounced basis.

(h) Check cashiers, custodians and approving officials shall receive standard IMPAC training prior to being issued an active convenience check account.

(3) US Bank will process and pay the convenience checks as they are presented through the bank check clearing system for payment. US Bank will provide a listing of the checks cleared on each account holder's billing statement (invoice). The approving official will ensure that the cashier reconciles cleared checks and the resulting billing statement against the retained records of issuance. By the 10th of the month following the statement date, the cashier and approving official must have reconciled the account, processed the invoice in CEFMS, and forwarded the certified billing statement to the payment office.

(4) There will be administrative costs associated with this program. Each office using the checks will be responsible for funding and paying these costs.

(5) US Bank must be reimbursed for the full amount of all properly issued checks paid by the bank. A properly issued check is one issued under the genuine signature of an account holder bearing a genuine or authorized endorsement and with no alterations. Use of a check does not give rise to any right to withhold payment to US Bank due to a dispute with a merchant or vendor over the quality of the goods and services purchased.

(6) Each check issued, except for construction services, shall not exceed \$2,500.00. A check issued for construction services is limited to \$2,000.00.

c. Signing Up/Getting Started.

(1) The establishment of accommodation/convenience check accounts requires coordinated effort between the technical/operating offices, the Contracting Division, and the Resource Management Office. There must be a recurring need for the checks that cannot be fulfilled by using the IMPAC purchase card. Activities that have identified a need for convenience checks must submit a written request (Form: CHSET-DOD) to the Resource Management Office, CESAS-RM, and must nominate individuals to serve as cashiers, custodians, approving officials and inspectors.

(2) If approved, CESAS-RM will forward the request to CT-P for processing to US Bank.

(3) US Bank will supply checks to the designated convenience check account holder. There is no cost for the ordering of checks.

(4) The checks are sequentially pre-numbered multiple-copy documents that come in a booklet form. One copy of each written check shall be retained for the account holder's records and the original will be issued to the vendor. Checks will contain the following standard preprinted information:

(a) United States Government seal.

(b) The statements "I.M.P.A.C.," "For Official Use Only," and "U.S. Government Tax Exempt."

(c) The maximum dollar limitation per check (i.e., \$2,500.00).

(d) The activity's name and address.

(e) The account holder's name.

(5) All cashiers, custodians, and approving officials shall receive standard IMPAC training prior to being issued an active convenience check account.

d. Program Administrative Costs/Fees.

(1) A charge equal to 1.7% of the face amount of each check will be assessed on the billings (e.g., a check for \$100 will cost an office \$100 plus \$1.70 for a total cost of \$101.70).

(2) Other costs/fees: Insufficient Fund Fee is \$15.00 each. Stop Payment Fee is \$25.00 each.

(3) The District may be held liable for any actual loss incurred by US Bank resulting from fraudulent transactions arising from an account holder's failure to exercise reasonable care in securing the checks.

e. Funds Control.

(1) Convenience check accounts will follow the same basic funds control rules currently in place for the IMPAC purchase card program. Funds shall be reserved prior to incurring program costs. A PR&C shall be prepared and approved and an obligation entered in CEFMS prior to the issuance of each check. The PR&C and obligation shall equal the purchase price plus 1.7% of the face amount of the check. A separate line item should be established for the amount of the administrative cost. For those locations using bulk funding, it may be necessary to create a separate PR&C and obligation for the amount of the administrative cost when the purchase price and the administrative cost combined exceed \$2,500.00. The limitation on the amount of the check, \$2,500.00, applies only to the amount of the purchase price. The amount of the PR&C and obligation may therefore exceed \$2,500.00.

(2) Fully executed PR&Cs must also be prepared and approved and obligations entered into CEFMS prior to incurring other program costs such as stop payment request fees.

(3) A check register shall be maintained to include, but not limited to, the following information: PR&C, Check No., Vendor Name and Taxpayer Identification Number (TIN) or Social Security Number (SSN), amount of purchase, and description.

f. Accountable Property. Cashiers and approving officials are responsible for ensuring that all purchases for personal property items are input into CEFMS as property items, not services (requires use of the correct resource code on the PR&C). Prior approval of the Property Book Officer is required for purchases of accountable property. Approval may be obtained telephonically or in writing. To maintain property accountability, each item of personal property must be separately identified. Cashiers and approving officials are also responsible for ensuring that a receiving document is processed in CEFMS. Failure to report and correctly process accountable property purchases may result in deactivation of an account. The decision to deactivate may be made by the APC, by the Chief of Contracting, or by the Commander or his Deputy, based upon Property Book Officer recommendation. Such a decision is not appealable.

g. Using and Safeguarding Convenience Checks.

(1) Convenience checks shall not be written for more than \$2,500 per check and shall always be issued for the exact payment amount, with a prohibition on splitting amounts across more than one check to keep below the \$2,500 limit. Approving officials must ensure that dollar

limitations are not exceeded. Convenience checks may not be converted to cash. Convenience checks may be used for payments in overseas transactions up to \$10,000 in support of contingencies declared by the Secretary of Defense.

(2) Convenience checks may be mailed so long as controls are in place to avoid duplicate payments to payees.

(3) When not in use, all checks shall be kept in an adequate combination safe, securely locked. Only the check custodian will know the safe combination and have access to the check stock. Convenience checks must not be co-mingled with any other types of checks or funds. If the check custodian is someone other than the cashier, the cashier must have a separate lockable container/lock box. Alternate cashiers must also have separate lock boxes. Safe combinations must be changed at least every six months. New safe combinations are to be forwarded to the Resource Management Office (CESAS-RM-F) in a sealed envelope (Standard Form 700).

(4) All cashiers, approving officials, and Division/Office Chiefs will be responsible for adhering to the following procedures on convenience check usage, and to any subsequent procedural changes. All cashiers shall follow all applicable regulations, including the Federal Acquisition Regulation (FAR, 48 CFR 1). The convenience checks simply provide a new mechanism for acquisition. Its use must not conflict with established rules and regulations.

(5) Convenience checks may be used for small purchases when:

(a) Supplies or services are available for delivery within 15 days whether at the contractor's place of business or at destination.

(b) The purchase does not require detailed technical specifications or inspection.

(6) Payment to suppliers may include reimbursement for transportation/shipping charges when suppliers are requested to prepay these charges. The charges must be reasonable and acceptance is in the best interest of the government. The amount of the actual charges must be determined and included in the PR&C and obligation prior to check issue.

(7) Convenience checks are prohibited from use for:

(a) Payment of salaries and wages.

(b) Travel Advances.

(c) Payment of travel claims

- (d) Payment of public utility bills.
- (e) Purchases from contractors or contractor's agents who are military personnel or civilian employees of the government.
- (f) Repetitive purchases from the same contractor when another method of purchase, such as a purchase order or blanket purchase agreement, would be more appropriate.
- (g) Payment of on the spot awards.
- (h) Purchase, rental, or lease of any office space or other real property (including parking spaces).
- (i) Certain services such as consultant, printing (including composition and binding unless purchased from Defense Automated Printing Service - DAPS) and communications (telephonic, radiophonic, or other electronic services requiring specific authorizations), construction services exceeding \$2,000, A-E services, cleaning services, i.e., janitorial, without specific approval for the instant buy as required by applicable statute and regulation including, but not limited to, 10 USC, 41 USC, the FAR and all supplements, and AR-5-14.
- (j) Purchase of airline, bus, boat or train tickets, motor vehicle rental, hotel lodging, or any other services for which the Government Travel Card would be appropriate.
- (k) Purchase of firearms, ammunition, or telecommunications services.
- (l) Purchase of information technology (IT) items or services.
- (m) To pay an unauthorized procurement after ratification.
- (n) Purchase of gasoline, oil, or repairs for interagency fleet management vehicles.
- (o) Payment for employee gifts, entertainment, business cards, personal accessories, gifts for contractors, plaques or trophies for non-government personnel, conference mementos and personal membership in organizations.
- (p) Purchase of refreshments at conferences except as follows: References: Federal Travel Regulation (FTR), Chapter 301-74, Joint Travel Regulation (JTR), Chapter 4, Part S, Section C4950, Joint Federal Travel Regulation (JFTR), Chapter 2, Part G, Section U2550, and Memorandum, CERM-F, 16 May 01, subject: Revised Light Refreshments Policy. These

regulations permit the use of appropriated funds to purchase light refreshments at any government sponsored conference as long as the majority of the attendees (51% or more) are in a travel (TDY) status. They place no limitation on the type of conference or the number of attendees required. Prior to the issue of any check in payment of refreshments, cashiers must obtain approval from the Finance & Accounting Officer.

(8) Lost or stolen checks must be immediately reported to US Bank, the AO, APC, and the Resource Management Office. There is a stop payment capability that may be given verbally but must be followed up in writing. Stop payments may be requested 24 hours a day by dialing 1-888-99IMPAC. If a check has been cleared through the banking process, it becomes the responsibility of the Government. US Bank must stop payment on a check within one working day of the notification. If a stop payment request is made on the same day a check is processed, the check will be considered cleared.

(9) Cashiers/Approving officials should coordinate with the APC to request a photocopy of a check if required (e.g., when US Bank has been notified of a stop payment on a check and the check has cleared).

(10) Convenience check privileges may be suspended for those who fail to follow the provisions set forth in this SOP. Any entity under suspension of purchase card privileges shall automatically be suspended from use of the convenience checks.

(11) The AO must maintain a file of original receipts to support each purchase. Documentation and filing requirements for check purchases are very similar to the requirements for credit card purchases. PHOTOCOPIED INVOICES ARE NOT ACCEPTABLE.

h. Cashier Procedures Following Receipt of Monthly Invoice.

(1) US Bank will process and pay the convenience checks as they are presented through the bank check clearing system for payment. The bank will send a monthly invoice for the convenience check account to the individual cashier for review and endorsement. Additionally, the bank will send a billing statement to the approving official that reflects the account status of the primary cashier and alternate cashier, if applicable. The approving official's billing statement, which serves as the official invoice for Prompt Payment, will be certified and forwarded to the payment office no later than the 10th of the month following the statement date.

(2) The cashier will receive his/her invoice from the bank monthly and verify the information on the statement. If, for some reason, the cashier does not have a customer copy of the sales draft to send with the statement, the word "lost" must be written by the line involved,

and an explanation attached, documenting the items, quantities, item prices and line item totals as accurately as possible in the circumstances. Indicate how funds were determined available to support all purchases. If the cashier has purchased items that are not on the statement, the customer copy of the sales draft shall be retained by the cashier until the purchase appears on an invoice.

(3) The cashier signs the invoice, attaches all receipts or other supporting documentation (e.g., phone record, packing slip, cash register receipt), and forwards the packet to the approving official within 5 calendar days following receipt of the invoice. In cases where the cashier will not be available to perform the reconciliation (e.g., vacation, TDY, or sick leave), it is the cashier's responsibility to notify the approving official and arrange for the reconciliation to be performed by the approving official or a designated alternate. If satisfactory arrangements cannot be made, the approving official shall still certify the billing statement. Reconciliation should be undertaken as soon as possible.

(4) NOTE: In cases where the cashier does not have the invoice available (e.g., the invoice did not arrive or is lost), the same information is available on the approving official's billing statement. Reprints of lost statements are also available from the bank.

(5) Cashiers who consistently fail to perform timely reconciliation or who fail to maintain adequate documentation may have their accounts canceled and purchasing privileges revoked.

(6) Sales taxes will be paid when required; however, the check itself states, "tax exempt", and the vendor should be so advised at the time of the sales transaction. Most states have agreed to honor the tax-exempt status without further documentation. The Taxpayer Identification Number (TIN) of the U.S. Army Corps of Engineers Finance Center, 62-1642142, should be provided to those vendors who request the TIN. A tax- exempt form is available from the APC or the Resource Management Office.

(7) The convenience check cashier/approving official will be responsible for obtaining all information necessary for the issuance of 1099s (e.g., proper payee's name, address, phone number, and taxpayer identification number (TIN) or social security number as appropriate). This information must be entered into the vendor table, screen 10.114, in CEFMS.

(8) The Defense Finance and Accounting Service at Columbus Ohio has developed a tax reporting application that allows cashiers to enter data from the convenience check directly in the tax reporting package via the internet. Users must complete system access forms to obtain a User ID and password. These forms can be found on the DFAS4DOD homepage address listed

below. Cashiers who experience an access problem and can't get to the forms can email DFAS at cco.checks@dfas.mil and request the forms. The web site address is: <https://dfas4dod.dfas.mil/systems/1099>. Ensure you add the "s" on http and the "s" on systems to accurately access the site.

(9) Payments that should be reported are for "services, rent and medical payments". If the payment was for goods and services combined, report it. The following must be available before data is entered: Payee's name, address, phone number, accurate federal tax identification number, check number, amount of check and the date of the check. The bank account number is located on the bottom of the check, not the account number that is shown on the monthly billing statement. Data should be entered throughout the year. All data is captured instantly and retained for processing at yearend. For calendar year 2001, all data must be entered into the 1099 Tax Reporting System no later than January 1, 2002.

(10) Point of contact at DFAS is Gayla Vincent at the Tax Compliance Office. Her phone number is (614) 693-7943. Her fax number is (614) 693-5452.

i. Approving Official Procedures Following Receipt of Monthly Billing Statement.

(1) The bank will send a billing statement to the approving official that displays a record of all transactions within the billing cycle for the cashiers under his/her control. This billing statement will serve as the official invoice for payment. The approving official should also obtain a signed invoice, along with supporting documentation and receipts, from the cashier. The approving official must date stamp the billing statement with the date received. The bank will transmit the billing statement at the close of the billing cycle, which is the 23rd for Army organizations. The approving official's certified billing statement should be forwarded to the payment office no later than the 10th of the month following the statement date. If the approving official does not clearly identify the date of receipt on the billing statement, the Prompt Payment Act requires the payment office to use the statement date as the assumed date of receipt.

(2) The approving official will review the invoice of each cashier under the approving official's responsibility, together with the supporting documentation (purchase slips, packing slips, and requisition), to determine if the purchases are appropriate and legal, items were received, and to ensure that the policies and procedures contained in this guide, along with appropriate acquisition regulations, have been followed. The approving official will then forward the certified billing statement directly to the paying office.

(3) In cases where the cashier will not be available to perform the reconciliation, the approving official should assist in making alternate arrangements. If satisfactory arrangements cannot be made, the approving official must still certify the billing statement in full and direct reconciliation at a later date. NOTE: If the cashier cannot produce his/her invoice, the approving

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official may direct the cashier to endorse that portion of the billing statement that applies since identical information from the invoice is on the billing statement. The approving official should ensure that there is an alternate person available to perform billing statement and invoice reconciliation.

(4) Approving officials shall keep a copy of the certified billing statement and each original cashier invoice (with receipts and supporting documents) for audit purposes. All convenience check billing documentation shall be filed using the Modern Army Record Keeping System (MARKS) number 37-2-10r. These files close on the fiscal year and must be retained for 6 years and 3 months. These files shall be stored at the office of origin for 3 years. After this time, they may be transferred to the records holding area for storage an additional 3 years and 3 months until destruction. The approving official, certifying that the billing statement is proper, becomes pecuniary liable in accordance with 31 USC Sec.3528. Approving officials are liable for an illegal, improper, or incorrect payment due to an inaccurate or misleading certification. Consequently, approving officials that knowingly make a false certification could be asked to repay the Government for items purchased.

j. Alternate/Backup Cashiers. Where it is deemed essential, alternate or backup cashiers may be appointed. Since only one cashier's name can be tied to a convenience check account, the alternate cashier must be issued a separate individual check account. In order to safeguard their checks, alternate cashiers shall utilize a separate locked container from that of the main cashier.

k. Convenience Check Account Audits/Inspections. Inspectors shall perform unannounced audits/reviews on a quarterly basis even if there is little or no activity in the account. The once per quarter minimum does not preclude inspectors from occasionally reviewing the account more frequently. Inspectors are not to develop predictable patterns in performing the audits (e.g., always performing the review in the last week of the quarter).

/s/

ROGER A. GERBER
COL, EN
Commanding

Distribution C & D