



Treasury Financial Manual

Bulletin No. 2005-07

Volume I

Retention: October 1, 2006

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Instructions for Submitting Vendor Payment Requests

1. Purpose

This bulletin provides instructions to Federal agencies on information that must be included on payment vouchers, when submitting vendor payments to the Department of the Treasury's Financial Management Service (FMS) for disbursement. Instructions for using various payment mechanisms also are provided.

This bulletin supplements the requirements of TFM Volume I, Part 4, Chapter 2000: Payment Issue Disbursing Procedures, regarding the Federal Government's disbursing practices.

2. Background

The Debt Collection Improvement Act of 1996 (DCIA) requires that Federal disbursing officials offset an eligible Federal payment to satisfy a delinquent non-tax debt owed to the Government by a payee (31 U.S.C. 3716). Additionally, the Internal Revenue Code authorizes the Internal Revenue Service to levy Federal payments to collect delinquent tax debt (26 U.S.C. 6331(h)).

Accurate information on payment vouchers is critical to the offset/levy process. The offset and levy processes can only occur when the name and Taxpayer Identification Number (TIN) of a payee match the name control (an abbreviated version of the debtor's name) and TIN of a delinquent debtor. In accordance with 31 U.S.C. 3528, agency certifying officers are responsible for the information included on payment vouchers. Under 31 U.S.C. 3325, FMS is responsible for ensuring that certified vouchers are in the proper form. To ensure that vouchers are in proper form and to maximize offset and levy opportunities, the following instructions are provided.

3. Instructions

All Federal agencies that submit payments to FMS for disbursement must do the following:

a. *Ensure Payment Data Is Accurate and Complete:* Federal agencies must ensure that payment transactions contain accurate and complete data in payment records, as required by FMS payment specifications. Refer to the FMS Web site at <http://www.fms.treas.gov/bulktransfers/index.html> for vendor and miscellaneous payment formats.

Specifically, all Federal agencies must ensure that vendor payments are coded accurately and correctly in terms of the payment type (for example, vendor or miscellaneous), payee name, and TIN. All payments coded as “vendor” that are disbursed through payment mechanisms with offset capability will be processed through the offset program unless an exemption has been granted by the Secretary of the Treasury (see 3b. below).

b. *Review for Payment Exemptions:* For information about any vendor payments exempt from offset, a Federal agency can refer to the FMS Web site at <http://www.fms.treas.gov/debt/dmexmpt.doc>. If an agency believes that a payment should be exempt from offset, it must follow the requirements set forth in 31 CFR 285.5(e)(7) and the procedures set forth in Exemption of Classes of Payments from Centralized Administrative Offset Under the Debt Collection Improvement Act of 1996. This is located on the same FMS Web site as noted above in this paragraph.

c. *Obtain Valid TIN Unless Exempt:* Federal agencies must obtain the vendor’s TIN and must include it in all payment requests, unless the payment meets requirements for TIN exemption. For information about TIN exemptions, see the FMS Web site at <http://www.fms.treas.gov/tinpolicy/regulations.html>. In addition to requirements of 31 U.S.C. 3325(d) and Treasury instructions for payment certification, agencies are reminded that per the Federal Acquisition Regulations (FAR) subsection 4.902, vendors are required to furnish their TIN and agencies are required to submit the TIN in payment requests.

d. *Use Appropriate Payment Streams and Mechanisms:* Federal agencies must submit vendor payment requests to FMS through the Electronic Certification System/Secure Payment System as: 1) bulk files (Type B payment stream); or 2) individual payments key-entered into a personal computer (Type A payment stream). Both payment streams result in payment requests being transmitted to FMS for processing. Note: Type B payment offsets/levies are currently being processed; Type A payment offsets/levies are scheduled to begin in late calendar year 2005.

Within these two payment streams, Federal agencies determine and instruct FMS on what payment mechanism to use to pay vendors. Agencies are reminded that, with very few exceptions, payments are required to be made to vendors by electronic funds transfer (EFT) (31 CFR Part 208; FAR 32.1103), given the advantages of EFT (that is, more reliable, less costly, etc., than check). Instructions for use of payment mechanisms are as follows:

- **Automated Clearing House (ACH)/Cash Concentration or Disbursement Plus (CCD+)**
Format: This EFT payment mechanism is the preferred and presumed payment mechanism to use. The CCD+ format is commonly used to pay a vendor for a single invoice with a single payment. Remittance information can flow with the value transfer and employ

Electronic Data Interchange (EDI) standards, or be transmitted to the vendor separately via the FMS Payment Advice Internet Delivery (PAID) system.

- **Treasury Check:** Where the requirement to use EFT has been waived in accordance with 31 CFR Part 208, Federal agencies can make disbursement by Treasury check. But, agencies must continuously review all vendor payments being made by check and convert the maximum percentage possible to EFT. For assistance with conversion, an agency should contact a customer service representative at its servicing FMS Regional Financial Center, as listed in Attachment 1.
- **ACH/Corporate Trade Exchange (CTX) Format:** This EFT payment mechanism is more robust and complex than CCD+. The CTX format is commonly used to pay a vendor for multiple invoices with a single payment. Remittance information that flows with the value transfer employs full EDI standards.

Federal agencies currently using this format may continue to do so until further notice is received from FMS. FMS is conducting an analysis to determine the feasibility of offsetting/levying CTX payments, and changes to the CTX format may be required in the future as a result of this analysis.

Federal agencies not currently using CTX must be granted permission by FMS to use this format. Requests for use of the CTX format must be sent in writing to the address in paragraph 6 below.

- **Fedwire:** This EFT payment mechanism (also referred to as “Fedline” or “Same Day Payment Request”) should not be used for vendor payments. Fedwire is a premium service designed for very low-volume, very high-dollar, time-sensitive transactions that MUST be deposited into a payee’s account on the SAME business day. Given its nature, it is often more expensive for the Federal Government and payees to use, than ACH. Since there is a time lag between receipt of an invoice and the due date, vendor payments can be scheduled for payment in a manner conducive to using the ACH.

For the above reasons, Fedwire should only be used for payments in the amount of \$100,000 or greater (see TFM Volume I, Part 6, Chapter 8000, Section 8040). The only exception for vendor payments is for emergency payments where same day payment is absolutely required.

FMS is presently conducting an analysis to determine the feasibility of offsetting/levying Fedwire payments and will advise Federal agencies of the results of this analysis. Changes to Fedwire payment formats may be required in the future as a result of this analysis. Additional procedural changes also may be instituted as needed in the future.

4. Agency Compliance

All Federal agencies must immediately comply with the above requirements. FMS will review agency compliance with the above and report back to agencies on the status of their compliance. FMS will provide assistance to Federal agencies not in compliance and to agencies that request assistance with understanding proper use of payment mechanisms.

5. Effective Date

This bulletin is effective immediately.

6. Inquiries

Direct policy related inquiries regarding this bulletin to:

Operations Integrity and Policy Division
Regional Operations
Financial Management Service
401 14th Street, SW., Room 346
Washington, DC 20227
Telephone: 202-874-9287

Direct operational related inquiries concerning specific payments to a customer service representative at the servicing FMS Regional Financial Center listed in Attachment 1.

Date: September 27, 2005



Richard L. Gregg
Commissioner

Attachment

FMS Regional Financial Center Contact Information

Austin Regional Financial Center

Telephone: 512-342-7300

Kansas City Regional Financial Center

Telephone: 816-414-2100

Philadelphia Regional Financial Center

Telephone: 215-516-8000

San Francisco Regional Financial Center

Telephone: 510-594-7300