

U.S. Department of Labor

Office of the Assistant Secretary  
for Administration and Management  
230 South Dearborn Street  
Chicago, Illinois 60604



Reply to the Attention of:

September 22, 2003

Mr. Stephen M. Vajs, Director  
Risk Management Division  
Financial Management Service  
U. S. Department of the Treasury  
410 14<sup>th</sup> Street, SW, Room 423  
Washington, DC 20227

Dear Mr. Vajs:

The following are comments from the Department of Labor (DOL), Office of the Assistant Secretary for Administration and Management (OASAM), on the proposed regulations concerning "Federal Government Participation in the Automated Clearing House" (31 CFR Part 210), published in the Federal Register August 21, 2003.

Starting in FY 2003 OASAM initiated the Treasury FMS Paper Check Conversion (PCC) system. All administrative checks submitted in any of the OASAM regional offices are processed using the electronic scanners provided by Treasury. This has allowed us to centralize the check receipt, processing, and accounting function in the Chicago regional office. Previously, six OASAM regional offices were involved in the check handling process. This agency has saved considerable staff time and gained certain efficiencies in converting to this new system.

One drawback is the system's current inability to process, money orders, state and local government and Treasury checks. For example, we collect, where appropriate, all jury duty checks paid to DOL employees. These checks are paid by county governments and currently cannot be processed under the current PCC system. This proposed regulation would allow us to process all types of payments using PCC with the single exception of Treasury checks. This would save us considerable time since we currently have to employ a totally separate deposit system to process these checks. In addition, balancing our books with Treasury each month using the GOALS 224 process is also more difficult when two separate deposit systems are utilized.

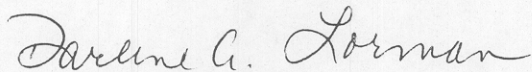
We have noticed during this past year that some paying organizations (i.e., Insurance Companies) have placed a debit block on the ACH transaction. Usually the financial institution returns the deposit marked "Account Closed". This is not an accurate description of the reason these payments are being returned. While we have had only a small proportion of the checks returned in this manner (less than 1%) it does cause an additional workload to manually reprocess these checks. We fully support any effort that is made for the Federal Reserve to create paper drafts of any items returned due to debit blocks so that these items are processed through the check processing system.

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When OASAM first adopted the PCC system we chose an option to re-present any check that was returned due to insufficient funds. OASAM checks are automatically re-presented two weeks after the original ACH debit. In many cases funds are then available and the check is cleared. The proposed regulation allows an agency the option to charge a service fee each time a check is re-presented as long as notice of the fee has been included in the original disclosure. While OASAM has not decided whether to include a fee for re-presented checks we do appreciate the option being available.

If there are any questions, please contact Bob Flannery, finance director for the Chicago/Kansas City region, at (312) 353-8017.

Sincerely,



DARLENE LORMAN  
Regional Administrator

cc: Patrick Pizzella  
Assistant Secretary/OASAM