

**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*

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Renamed “DFAS Financial Services and Disbursing Division (DFAS-AAD/KC)” as “DFAS Disbursing/Debt Management Policy, Policy and Performance Management Directorate (DFAS-NPD/IN).”	Amendment
Multiple	Renumbered several paragraphs to accommodate TFM references and revisions in the Department of Treasury’s “Cash Management Made Easy” manual.	Amendment
2401	Revised new title of section.	Amendment
240103	Changed title of paragraph. Revised EFT/DD payment reporting requirements for DFAS and non-DFAS disbursing officer’s (DOs).	Amendment
240104	Added new paragraph for Official Authorization List (OAL) with Federal Reserve Bank’s (FRB) instructions as well as the Agency Authorization Letter.	Addition
2402	Changed title of section from Plastic Card Collections to Plastic Card Network.	Amendment
240201	Added Card Acquiring Services Process and Card Acquiring Services Customer Benefits. Authorized credit and debit card use for collections received over-the-counter, by mail, by phone, or over the Internet.	Addition
240202	Added Internet Credit Card Collections Program.	Addition
240302	Added new guidance for the Lockbox process.	Addition
240307	Added new paragraph for scannable documents and digital imaging.	Addition
2405	Added new section for Remittance Express (REX).	Addition
Figure 24-1	Added the Official Authorization List (OAL) and the FRB instructions.	Addition
Figure 24-2	Added the Agency Authorization Letter.	Addition

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ELECTRONIC COMMERCE★2401 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. Refer to DoDFMR Volumes 7B, 7C, 8, 9 and 10.

240102. Contractor Pay Applicability. Refer to DoDFMR Volume 10.

★ 240103. Requirements for EFT Payments and Direct Deposit/Payment Report. EFT Payments and Direct Deposit/Payment report shall be forwarded monthly by DFAS Disbursing/Debt Management Policy, Policy and Performance Management Directorate (DFAS-NPD/IN) 8899 East 56th Street, Column 329F, Indianapolis, IN 46249-0500, to the Department of the Treasury. The EFT report will be based on data collected by the DFAS sites and Component Disbursing Station Symbol Numbers (DSSNs) for performance management reviews. The report shall provide the percent of the Department's EFT participation for military and civilian pay, retiree and annuitant pay, and vendor and travel pay. DFAS DOs payment data is entered into the DFAS Performance Measurement Indicator report numbers 226, 227 and 228, and extracted for the monthly report. All non-DFAS DOs will report payment data by the 15th calendar day of the month for payments made under their DSSN for the preceding month. The report will contain data for cash, check, and EFT payments made for each of the entitlement areas. As an example, travel payments reported are entered as 14 EFTs, 6 checks, and 2 cash payments made. Total payments would reflect 22, for an EFT percentage of 63.46 percent. Non-DFAS DOs will not count payment files forwarded to a DFAS DO who makes the payment. An example of such payment is an Integrated Automated Travel System file forwarded to the DFAS DO by non-DFAS DOs. Payment data shall be forwarded monthly to DFAS-NPD/IN email address DISBURSING-DEBTMANAGEMENTPOLICY@DFAS.MIL.

★ 240104 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 24-2. The Component shall forward the transmittal form and letter to 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 (OUSD(C)) 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/instruction_nondi_OAL.pdf

http://www.frbservices.org/files/forms/account_services/pdf/OAL_nondi.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, Diners Club, and Discover/Novus 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 (Treasury 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.

240202. The Internet Credit Card Collections (ICCC) Program. The ICCC program allows federal agencies to accept plastic cards over the Internet as a method of collection for offered services and products. In a typical scenario, once a customer chooses to pay with a credit card on an agency's website, he or she is shown a form for completing the transaction. In most cases, since this form resides on a secure Department of the Treasury server, the customer is transferred to a Department of the Treasury website with the exact look and feel of the agency's website. The customer is returned to the agency's website upon successful completion of the transaction (processing of the credit card). Most customers do not realize that they have left the agency's website during the actual credit card purchase process. Services provided to agencies and paid for by the Treasury FMS include authorization and settlement, chargeback assistance, training, activity reports, and deposit reporting through the CASHLINK II System. Costs to agencies include equipment, customized reports, and telephone lines. Refer to *TFM, Bulletin No. 2005-03, Volume 1.*

240203. Types of Credit and Debit Card Collections. Subject to the provisions of *31 CFR 206*, "Money and Finance, Treasury", DoD activities can accept debit and credit cards for various collection activities. DoD activities that have more than 100 monthly

credit card transactions must perform electronic authorization. Voice and paper authorizations of credit card transactions should be used on an exception only basis as a backup to electronic authorizations. Every transaction must be authorized, and activities should work with the network bank to determine the most appropriate authorization technique. If an activity is not in compliance with the service agreement, then all costs above the agreed upon method will be assessed to the activity. Some examples of collection actions that credit and debit cards can be used for are: sales of miscellaneous items, medical services, freedom of information requests, inspection or grading services, commodity sales, fees and fines such as inspection fees, criminal, civil and court fees and fines, recreation user fees, duties, patent fees, registration fees and license fees, and debt repayment for extending loss for housing, education, health care, agriculture, and business, repaying duplicate benefits, travel advances repayments, and other administrative collections.

240204. Processing Transactions. 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 banks daily cutoff time if they are then operating in a paper sales draft settlement mode. If the activity is operating in an Electronic Data Commerce (EDC) mode, it must then settle on a daily basis, regardless of the amount accumulated that day. Activities will pay the assessed nonqualifying interchange fee when they fail to settle electronically every day. Each network bank informs the activity of its particular cutoff times for deposits. In an electronic environment, this means a settlement transaction should take place through an EDC/Point of Sales at various times during the day (or once at the close of business) in order to meet the cutoff time for deposits.

240205. Reports and Reconciliation. Based on the report requirements established in the participation agreement with the network bank, weekly or monthly summary reports of the merchant's credit card activity will be mailed or electronically transmitted 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 (DD Forms 1131) submitted to the DO or DDO. Any adjustments or chargebacks shall be processed and documented in accordance with the credit card participation agreement.

240206. 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). 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 Process. The federal agency provides the remitter who owes the money with a change of address for payments to a post office box provided by the designated lockbox financial agent. The remitter submits the payment to the post office box. The designated lockbox 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 federal agency. Agencies have the option of receiving a copy of the payment checks and/or invoice. The network financial agent forwards correspondence received with the payment to the agency. Each day, the network financial agent enters, verifies, and reports total deposit information into the CASHLINK II system via personal

computer, mainframe, or touch-tone telephone. The network financial agent reports the deposit data to the Department of the Treasury and the agency via CA\$HLINK II. On the following business day, the funds are transferred by wire or ACH to the Treasury's account at the FRBNY.

240303. General Lockbox Network. Treasury FMS has designated a network of commercial banks to serve as lockbox collection points for other federal agencies. These collections include fees, dues, loan payments, and purchases. The lockbox mechanism provides a method for accelerating the deposit of payments mailed to federal agencies. A lockbox is a post office box established by a financial institutions for receipt of payments to an agency. Lockboxes provide an excellent system for paper-based collections.

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 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 CA\$HLINK 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. Lockbox Collection Process

A. Lockbox Payments. The designated lockbox bank will assign a unique post office box number to the billing activity 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. 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 SF 215 for the daily deposit. 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 (Voucher for Transfer Between Appropriations and/or Funds) 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 as a Reimbursement (line 4.1E) and a Deposit (line 4.2A).

B. Lockbox 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 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). The disbursing office shall complete the "Office Charged" portion of the SF 1080 by charging **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 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.

★ 240307. Scannable 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 agent's 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 at all DFAS sites 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 telecommunications network. If initiated by the billing agency (i.e., a collection), the transaction provides essential invoice information and immediately charges the funds to the 8-digit customer agency location code (ALC). Within the Department, 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) eliminates receivables; (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 Intergovernmental Transactions.

A. 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 a criteria to match an existing obligation since the Department of the Treasury transfers funds at ALC level.

B. Initiating the IPAC Transaction. The transactions can be input manually into the on-line system or created automatically by DFAS accounting or disbursing systems for bulk data transfer or host-to-host transmissions. Specific instructions for logging onto the on-line IPAC system are provided in the IPAC Users Manual. The system is menu driven and user-friendly. The system automatically will issue an IPAC Document Reference Number that is the equivalent of a U.S. Treasury check number and 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.

C. Transmitting/Receiving an IPAC Transaction. The Department of the Treasury on-line system is a "real-time" system and updates immediately. Bulk files are queued for processing as soon as they are received into the IPAC system. 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 15 months.

240404. Processing Cycle. Agencies have through the last day of each month to enter bills or transfers for that month, however, it is recommended that agencies postpone originating new transactions the last three 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. Only the receiving agencies have 90 days to enter adjustments.

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, 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, 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 credited to account F3885 effective December 1, 1999. Effective with reporting for the February 2000 Treasury month, perform the following actions to process IPAC transactions:

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

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. Federal agencies are exempt from this requirement under 31 U.S.C. 1535, Agency Agreements. If the receiving agency subsequently finds that the transaction was erroneous, the adjustments should be made at that time, however, the receiving agency is limited to 90 days to process the adjustment.

A. First, the agency representative that created the original transaction should be contacted. If the transaction is erroneous, 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 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. The agency that created the original transaction cannot submit an adjustment to it.

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 Microsoft Internet Explorer 4.0 or higher or Netscape 4.0 or higher (the browser must have cookies enabled), and software to view Portable Document Format files.

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 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 Volume 5, Chapters 10, 11 and 22 and Volume 4, Chapter 3.

★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. 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 can 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. (For specific ACH format information, see the National Automated Clearing House Association (NACHA) ACH rules).

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. Procedures

A. The federal agency advises the remitter of the obligation due the government, either by an invoice, bill, letter, or other means. The agency also supplies the remitter with the instructions on what information to include in the transaction.

B. The remitter provides the instructions to the financial institution on the correct ACH format to use and the information to include and authorize a credit transaction to the FRB account.

C. The FRB receives the transaction and credits the REX account.

D. Transaction information is passed into the CASHLINK II deposit reporting system.

E. Transaction information is made available to the agency through the Agency Access Module of CASHLINK II. Information includes both detailed payment information and summary SF 215 information.

F. The agency can then download information from Agency Access to update its accounts receivable system.

240504. Authorized Formats. REX is designed to accept corporate formats approved by the 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.

240505. 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 site (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 on CA\$HLINK 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 Sites (Treasury FMS KFC)

1. Treasury FMS 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. 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 detail 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.

240506. 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 CA\$HLINK II.

(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
Michael Falkowski - 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 System:

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:

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