



Treasury Financial Manual

Bulletin No. 2006-07

Volume I

Retention: May 31, 2007

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

Subject: Guidance on Federal Program Agencies (FPAs) Making Postage Payments to the U.S. Postal Service (USPS)

1. Purpose and General Policy

This Treasury Financial Manual (TFM) bulletin notifies FPAs that effective December 31, 2003, they must use either Electronic Funds Transfer (EFT) mechanisms or the Intra-governmental Payment and Collection (IPAC) System for payments to the USPS for postage. The Department of the Treasury (Treasury), Financial Management Service (FMS), has established these payment mechanisms to eliminate the use of Treasury checks or cash for postage payments and to maximize funds held in Treasury's account. FPAs using commercial payment practices in accordance with 41 Code of Federal Regulations (CFR) Parts 102-192, as amended, must use EFT for postage payments. FPAs using the USPS Official Mail Accounting System (OMAS) must use IPAC for postage payments. FPA field locations that purchase retail postage and services (that is, first class stamps, certified return receipt, etc.) from local post offices must use credit cards or debit cards. FPA field offices may use cash and checks only under limited circumstances.

The USPS requires payment for postage before the mail is released and/or postage is downloaded to the postage meter. This practice may necessitate that agencies deposit large dollar amounts in their trust account(s) and or postage meter account(s) prior to mailing. However, Treasury recommends FPAs exercise sound cash management principles that will allow them to efficiently manage their postage usage and maintain funds in Treasury's account for as long as possible. Additionally, postage deposits must be made to a designated USPS bank account. Payments for postage may not be held outside of Treasury in postal vendor accounts unless the FPA has statutory authority to do so or it has received prior written approval from FMS.

2. Authority

Pursuant to 31 United States Code (U.S.C.), Sections 3302 and 3332, 31 CFR Parts 206 and 208, and other authorities (for example, 31 U.S.C., Sections 321 and 3720), the Secretary of the Treasury establishes policy for efficient and effective cash management practices for executive agencies' disbursement, collection, and deposit mechanisms, principally through the required use of EFT methods.

3. EFT Procedures for Commercial Federal Mail Payments

FPA's using commercial mail processes in accordance with the General Services Administration's regulations must use Automated Clearing House (ACH) credits for postage payments to the USPS. FPA's must use the ACH credit process when funding their USPS PostalOne!®/Centralized Account Processing System (CAPS) account and postage meter services. The Debt Collection Improvement Act of 1996 (DCIA) requires the use of EFT for all payments made by FPA's, with the exception of tax refunds. This includes FPA payments that are disbursed by FMS and those payments disbursed by FPA's with delegated or statutory disbursing authority. Additionally, the DCIA applies to recurring and nonrecurring payments and appropriated and nonappropriated disbursements.

The ACH credit procedures are provided below.

- USPS, postage meter providers, and FMS provide FPA's with the appropriate ACH credit payment-related information.
- FPA's authorize an ACH credit transaction and use the correct FMS ACH payment file format in their payment instructions. FPA's must format addenda records correctly so that USPS and postage meter providers can post funds to the correct accounts. If an FPA uses incorrect ACH credit formats or information in its payment files or addenda records, money can be misapplied or not applied to FPA accounts, resulting in delays in mailings or nonreceipt of the FPA funds for postage.
- Treasury-disbursed agencies send their payment files for processing to the Treasury Regional Financial Center (RFC) that services them.
- Non-Treasury-disbursed agencies send their payment files for processing to the respective payment processing site.

4. Procedures for Commercial Federal Mail Payments at Non-PostalOne!® Sites

Certain FPA field offices that mail at post offices not connected to the USPS PostalOne!® System cannot use the ACH credit option. In this case, the FPA must use cash, check, money order, or a Personal Identification Number (PIN)-based debit card. PIN-based debit cards can be used to fund trust accounts (that is, permit, postage due, and business reply mail, etc.).

Credit cards can be used to pay for permit fees (application and annual), mailbox rentals, retail items, and on-line postage stamps.

5. Guidance for Reporting to Treasury

FPA's using the USPS OMAS will follow the IPAC procedures outlined in TFM Volume I, Part 6, Chapter 4000: Intra-governmental Payment and Collection (IPAC) System, for billing/collection and payment of intragovernmental transactions. Use TFM Volume I, Part 6, Chapter 8000: Cash Management, subsections 8030.20 and 8040.10, for cash management guidelines.

Both Treasury-disbursed and non-Treasury-disbursed agencies follow the respective procedures outlined in TFM Volume I, Part 4, Chapter 1000: Introduction, and TFM Volume I, Part 4, Chapter

2000: Payment Issue Disbursing Procedures, for initiating ACH credit payments to the financial institutions serving as the collection agent for USPS.

6. Rescission

This bulletin rescinds TFM Volume I, Bulletin No. 2004-02: Federal Agency Postage Payments to the U.S. Postal Service (USPS).

7. Effective Date

This bulletin is effective immediately.

8. Inquiries

For Treasury-disbursed agencies, direct questions concerning scheduling payments to the FPA's servicing RFC listed at <http://fms.treas.gov/tfm/vol1/v1p4c100.txt>.

For questions concerning GSA Federal mail policies, contact the Federal Mail at 202-501-6245.

For questions concerning USPS mail payments, contact Derrick Barnette at 202-268-4642.

For payment related questions, contact Betty Harvey at 202-874-6798.

For agency assistance, visit the following Web site for contact names, telephone numbers, and e-mail addresses: <http://fms.treas.gov/eft/contacts.html>.



Richard L. Gregg
Commissioner

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