

**\*VOLUME 5, CHAPTER 11: “ELECTRONIC COMMERCE AND DEPOSIT OF PUBLIC FUNDS”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

†The previous version dated May 2012 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	†As part of the Under Secretary of Defense (Comptroller) Volume 5 Streamlining Initiative, this revision incorporated the archived versions of Chapter 5, section on Deposits, (December 2010) and Chapter 24 (March 2012). The content of the archived version of Chapter 11 was incorporated into the new Chapter 9 (September 2012).	Revision
Title	Changed Chapter title to “Electronic Commerce and Deposit of Public Funds.”	Revision
All	Removed references to CASHLINK II throughout the chapter. CASHLINK II was retired at the end of calendar year 2012. CASHLINK II was replaced by the Transaction Reporting System (TRS) and the Payment Information Repository (PIR).	Deletion
All	Replaced references to the Standard Form (SF) 215 and SF 5515 with “deposit ticket” and “debit voucher,” respectively, due to the transition from the paper to electronic processing environment.	Revision
All	Replaced references to the Treasury Financial Management Service with the Bureau of the Fiscal Service, due to their recent reorganization.	Revision
110101	Added Overview paragraph to section	Addition
110103	Added reference from the Treasury Financial Manual regarding Electronic Funds Transfer mandate and exceptions.	Addition
110202	Added requirement for activities to coordinate use of the Card Acquiring Service (CAS) with their servicing Disbursing Officer.	Addition

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
110203	Added transaction dollar-value limits on collections through	Addition
110301.B	Added link to the Treasury Intra-governmental Payment And Collection (IPAC) System guidance and changed subparagraph 110301.B to 110301.C.	Addition
110305.A	Removed requirement for partial and/or Central Accounting Reporting System (CARS) reporters to report IPAC transactions to the Treasury monthly, since the information is provided daily.	Revision
110305.B	Updated reference link since chapter was renumbered.	Revision
110305.E	Added new paragraph on internal controls for Receipt and Acceptance documentation pertaining to IPAC.	Addition
1104	Simplified the discussion of lockboxes. The lockbox environment has changed due to the transition of lockbox functions into other collection mechanisms. Additionally, procedural guidance has been removed.	Revision
110604	Added requirement for activities to obtain approval to use Pay.gov from their servicing Disbursing Officer.	Addition
Former Version 1107	Deleted section on Paper Check Conversion Over the Counter (PCC OTC) and renumbered remaining sections.	Deletion
110703.F	Added clarification on the endorsement of checks being deposited using OTCnet Deposit Processing.	Addition
1109	Added new section on the PIR.	Addition
1110	Replaced references to the TRS with Collections Information Repository (CIR).	Revision
111002	Expanded discussion of CIR to include Deposit Reconciliation policy from former Volume 5, Chapter 5.	Addition
Former Version Figures 24-1, 24-2, and 24-3	Removed Official Authorization List (OAL) figures. A hyperlink is provided in the chapter to the source of the form, letter, and instructions for the OAL. Renumbered Figure 24-1.	Deletion
Figure 11-2, Figure 11-3, Table 11-1, and Table 11-2	Added relevant Figures and Tables from former Volume 5, Chapter 5.	Addition

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## CHAPTER 11

ELECTRONIC COMMERCE AND DEPOSIT OF PUBLIC FUNDS

## 1101 GENERAL

**\*110101. Overview**

Government entities disburse funds to and collect funds from individuals, businesses, and other government entities via cash, [negotiable instruments](#), and a variety of electronic mechanisms.

**110102. Purpose**

This chapter provides information and guidance on several electronic disbursement and collection mechanisms that are Department of Treasury ([the Treasury](#)) programs and services.

**\*110103. Electronic Funds Transfer (EFT)**

In accordance with [Title 31, United States Code \(USC\), section 3332](#), EFT is mandatory within the Department of Defense (DoD). Exceptions to this mandate are provided in Treasury Financial Manual (TFM) [Volume I, Part 4a, Chapter 2000](#).

**110104. Electronic File Transmission**

Payment or payroll files [must](#) be transmitted to the [Federal Reserve Bank \(FRB\)](#) by electronic file transmission.

**110105. Contractor Pay Applicability**

Refer to Volume 10.

**110106. Official Authorization List (OAL) for the FRB**

A. [Overview](#). The OAL identifies all individuals who are authorized to transact business and provide instructions to the FRB on behalf of a [disbursing office](#). Each Disbursing Officer (DO) must validate the OAL for their office at least annually. If changes are required, follow the process in [subparagraph 110106.C](#).

B. [OAL Change Documentation](#). The OAL authorization letter, form, and instructions are located at the [FRB Services – Account Services Forms web page](#).

C. [OAL Change Process](#). To make changes to the OAL, [disbursing offices must](#) complete the “[Official Authorization List \(Government Organizations\)](#)” form. [The instructions are provided with the form](#). When making changes to the OAL, each DO [must](#) validate the individuals currently authorized to transact business with the FRB, and [then](#)

complete and sign the Agency Authorization Letter. The disbursing office **must** forward the notarized OAL form and the Agency Authorization Letter to [the Defense Finance and Accounting Service \(DFAS\)](#), Disbursing Policy and Treasury Initiatives, Strategy, Policy, and Requirements Directorate (DFAS-ZPFA/IN), 8899 East 56th Street, Indianapolis, IN 46249-0500. [Treasury Initiatives](#) will match the DO's and Deputy Disbursing Officer's (DDO) names with those in the DoD Disbursing Station Symbol Number (DSSN) database. The Office of the Under Secretary of Defense (Comptroller), [Deputy Chief Financial Officer](#), gives final approval before forwarding the package to the FRB.

## 1102 CARD ACQUIRING SERVICE

### 110201. Overview

The Card Acquiring Service (CAS) is a government-wide network that allows federal agencies to receive credit and some debit card payments (i.e., VISA, MasterCard, American Express, Discover credit cards, and some debit cards) due the Federal Government. [These credit or debit](#) 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: sales of material, services, fees, fines, debts, customs duties, and taxes. Treasury's [Bureau of the Fiscal Service \(Fiscal Service\)](#) designated one financial agent to process [credit and debit](#) 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. Information pertaining to the [CAS](#) can be found at the [Fiscal Service's Card Acquiring Service](#).

### \*110202. Card Processing Rules and Regulations

Activities participating in the [CAS](#) will use the "FMS Card Processing Rules and Regulations" as a guide when processing credit and debit card transactions. In order to establish a processing relationship, activities must complete and submit the Agency Participation Agreement (APA) to [Fiscal Service](#) for approval. [Prior to submission, activities must coordinate with their servicing DO](#). The rules, regulations, and APA form for the [CAS](#) can be found at [Fiscal Service's CAS Rules](#).

### \*110203. Transaction Dollar-Value Limit

A. [Maximum Limit](#). Effective June 1, 2015, Agencies must limit their credit card collections to ensure an individual payment transaction does not exceed \$24,999.99. [There should be no purchases using the credit card in excess of \\$24,999.99. An attempt to bypass this limit will result in rejected transaction at the point of collection. Agencies will ensure controls are in place to prevent splitting a purchase into smaller transactions. The payment-collection process will be stopped if the maximum limit for a collection is attempted. This information can be found at the Treasury Financial Manual Announcement \[No. A-2014-04\]\(#\)](#). This limit has been lowered from the previous payment transaction limit of \$49,999.99. This limit also applies to intra-governmental transactions using the government purchase card when the agency accepting the card uses Treasury's CAS. [Individual credit card transactions exceeding the maximum limit cannot be split into two or more transactions over one or multiple days. If the agency's cashflow](#)

includes individual credit card transactions greater than the maximum limit, the agency should use another electronic collection alternative for those transactions. Available electronic alternatives include Automated Clearing House (ACH) debits or credits and Fedwire transactions.

B. Minimum Limit. Agencies may not establish minimum transaction amounts as a condition of honoring a credit or debit card. Minimum limits must be established or allowed by the Treasury and will only be permitted in certain circumstances.

C. Purchase Card Payments. Requirements can be found in Volume 10, Chapter 23

#### 110204. Processing Transactions

All activities must settle on a daily basis, regardless of the amount accumulated that day. Activities will pay the assessed non-qualifying interchange fee when they fail to settle electronically every day. The network bank will inform the activity of its particular cutoff times for deposits. In an electronic environment, settlement transactions should take place through an Electronic Data Capture/Point of Sale at various times during the day (or once at the close of business) in order to meet the cutoff time for deposits.

#### 110205. Reports and Reconciliation

Based on the report requirements established in the participation agreement with the network bank, reports of the merchant's **credit and debit** card activity will be made available electronically 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 **must** be used to reconcile any differences which may occur between the report and entries into the accounting system. The report **must** also be reconciled with the **DoD (DD) Form 1131**, Cash Collection Voucher, submitted to the DO or DDO, and **deposit** information posted in the **Collection Information Repository (CIR)**.

#### 110206. Internal Controls

Internal control procedures **must** be established by each participating DoD activity to ensure that **credit and debit** card transaction documentation, to support all DD Form 1131s submitted to the DO, is properly safeguarded. Documentation **must** be available for use by the DO's quarterly cash verification board, the collection agent audit board, and for other audit purposes.

## 1103 INTRA-GOVERNMENTAL PAYMENT AND COLLECTION (IPAC) SYSTEM

## \*110301. Overview

A. This section covers general information on the IPAC system. This section also identifies general requirements and technical specifications prescribed by the Treasury.

B. The Treasury has prescribed guidance on the use of IPAC in [\*ITFM 6-4000\*](#).

C. The IPAC system will be used for buyer-seller (i.e., reimbursable) transactions between federal agencies. The IPAC system is used because it accomplishes the following:

1. Facilitates timely posting of collections to reduce receivable balances;
2. Eliminates the paper flow between agencies;
3. Eliminates the use of Treasury checks between agencies;
4. Improves cash management; and
5. Establishes the Treasury as the collection agency.

## 110302. IPAC

The IPAC system's primary purpose is to provide an automated, standardized, interagency funds expenditure transfer mechanism for Federal Program Agencies (FPAs). It facilitates intra-governmental Federal e-commerce by transferring funds, with related descriptive data, from one FPA to another on a real-time basis. The IPAC system enables FPAs to exchange accounting information and to transfer funds between FPAs involved in buyer-seller relationships. It establishes standardized interagency payment, collection, and adjustment procedures through an Internet-based application. The IPAC system also includes a module for the Retirement Insurance Transfer System transactions that are transmitted to Office of Personnel Management.

## 110303. Originating the IPAC Transactions

A. Trading Partner Agreement. Per [\*ITFM 2-4700, Appendix 10\*](#), Trading Partner Agreements (TPAs) are required between agency location codes (ALCs) in order to help facilitate the payment/collection process. These TPAs contain agreed upon terms between the ALCs that help ensure necessary transaction information is provided so that both sides will be able to reconcile their transactions. An example of a Bilateral TPA is in Figure 11-1.

B. Initiating the Order

1. 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. The IPAC system was not designed to be dependent on appropriation data as criteria to match an existing obligation since the Treasury transfers funds at ALC level.

2. After fulfilling the customer agency's requisition/order, the originating agency (based on whether it is a payment or collection transaction) must input the appropriate data in all the IPAC required data fields. Also, it must input the customer agency's special requirements and any descriptive information, supplied with the requisition/order, in the appropriate fields of the IPAC transaction.

C. Initiating the IPAC Transaction

1. If a collection transaction is initiated by the billing agency, the transaction provides essential invoice information and immediately charges the funds to the 8-digit customer ALC. Within DoD, 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 payment transaction initiated by the customer agency (i.e., disbursement) is used to credit funds of the billing ALC when a hardcopy invoice is received. A payment transaction is also used to transfer payroll deduction type payments (e.g., Internal Revenue Service or Veterans Education Assistance Program).

2. Transactions can be input manually into the on-line system or created automatically by accounting or disbursing systems for bulk data transfer or host-to-host transmissions. The IPAC system automatically will issue an IPAC Document Reference Number (DRN) that is the equivalent of a [United States \(U.S.\)](#) Treasury check number and will ensure that no two transactions have the same number.

3. Bulk files are queued for processing as soon as they are received into the IPAC system; on-line transactions are transmitted in "real-time." Whether an on-line or bulk data transfer transaction, the transaction originator must include a point of contact and telephone number to ensure the receiving agency can accurately determine who to contact if there is a need for adjustment.

4. A collection or disbursement voucher (e.g., DD Form 1131, [Standard Form \(SF\) 1080](#), Voucher for Transfers Between Appropriations and/or Funds, or [SF 1034](#), Public Voucher for Purchases and Services Other than Personal) **must** 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.

D. Required Data Elements for Initiating IPAC Transactions. There are mandatory fields that must be filled out in the IPAC system to process specific IPAC transactions. These data elements vary by transaction type and are required by the Treasury. The mandatory fields [can be found in I TFM 6-4000](#).

E. Other Required Information. There are three additional required data elements for DoD IPAC transactions, in addition to the Treasury required information. When initiating a payment or collection in IPAC, the Sender Business Event Type Code (BETC), Receiver BETC, and the Receiver Treasury Account Symbol (TAS) are required for every transaction. Also, an ALC can require specific and/or descriptive data necessary for their ALC to process the transaction completely. This specific information should be outlined in the TPA that was agreed upon by the participating ALCs.

#### 110304. Processing Cycle

The IPAC system is available through the last day of each month to enter bills or transfers for that month. However, unless a different cutoff date and time has been agreed upon in a TPA, agencies will not process any new transactions the last four workdays of the month to avoid month end accounting problems.

#### \*110305. Recording IPAC Transactions

A. Standard Form 1219 (Statement of Accountability). Currently, IPAC transactions are recorded on lines 2.8 and 4.1 (A or E, as applicable) of the [DD Form 2657](#), Daily Statement of Accountability, and on the [SF 1219](#). If a hardcopy SF 1219 is used, then cross through line 2.39 and replace with 2.8. Refer to [Chapter 15](#) for instructions 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. Under the Central Accounting Reporting System (CARS) initiative, partial and/or CARS reporters will no longer report IPAC transactions to the Treasury monthly, since they provide the information daily.

B. Reconciliation. An ALC can print out its activity from the IPAC system, for the past 18 months, to assist the ALC in ensuring all transactions are accounted for on the current month SF 1219. Refer to [Chapter 15](#) for instructions on reporting prior month IPAC transactions that are processed in current month accountability.

C. Monthly Reporting of Differences by the Treasury to Agencies. The Treasury will compare the customer and billing agencies' SF 1219 with the IPAC data. If there is a difference, a [Financial Management Service \(FMS\) Form 6652](#), Statement of Differences (SOD), Deposit Transactions, will be generated. This statement is prepared by 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 details 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.

D. Monthly Reporting of Unprocessed Transactions

1. Unidentified transactions between Federal agencies, including IPAC transactions, will be debited or credited to account \*\*F3885 (Undistributed Intra-governmental Payments). The Treasury identified a three-digit limit, \*\*F3885.007, specifically for the IPAC system. All new transactions that remain unclassified at month-end will be recorded in \*\*F3885.007.

2. The detailed transactions and the reconciliation to the Treasury will remain in the existing tool used for recording and clearing unprocessed IPAC transactions.

E. Receipt and Acceptance Internal Controls. DoD financial reporting entities should include IPAC in intra-governmental transactions, and must develop and implement internal controls to ensure that receipt and acceptance is properly documented. This documentation must be made available within the timeframe prescribed by an auditor when requested during audits.

110306. Adjustments of Erroneous Charges

Both the billing and customer agencies should recognize that the system cannot tolerate uncontrolled charges or adjustments. The adjustment function 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. If the receiving agency subsequently finds that the transaction was erroneous, the adjustment should be made at that time. However, the receiving agency is limited to 90 days from the creation date of the transaction, to process the adjustment. It should be noted that the sending agency also has the ability to make an adjustment to an erroneous transaction prior to, or after its submission to the receiving agency within 90 days.

A. There are some situations that warrant an immediate adjustment to a transaction. Some acceptable reasons for immediate adjustment are:

1. Wrong ALC was billed for the transaction,
2. Funds cited do not belong to the billed ALC,
3. Appropriation cited has expired,
4. Transaction exceeds authorized funding,

5. Duplicate transaction, or
6. Noncompliance with required data elements set forth in a TPA.

Anytime a transaction appears to be erroneous, there needs to be sufficient reason to adjust it back. If you can take ownership of a transaction (i.e., a valid billing that belongs to your ALC), it should not be rejected without sufficient research and notification. Communication between trading partners is key to resolving erroneous transactions.

B. 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 the month in which the adjustment is accepted in the IPAC system.

C. In cases where the originating agency (i.e., the ALC that created the transaction) later concludes that the adjustment (or a portion thereof) was improper, it must communicate this to the receiving agency, preferably by [email](#) or [via](#) telephone. When agreement is reached, a second IPAC transaction will be prepared for the proper amount.

#### 110307. Basic Criteria to Access the IPAC System

In order for billing and customer agencies to use the IPAC system, the following is required:

A. A Master Administrator must be assigned the responsibility of setting up IPAC Agency Administrators (IAAs) for one or more ALCs. The IAAs are responsible for registering agency personnel as IPAC users. These users will then be given a user id and gain access to the IPAC system based on assigned roles.

B. The Treasury must assign each ALC an identification number and password that will enable access to the system. 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 (such as DoD) control their own billable/non-billable status.

#### 110308. Restrictions

The Treasury reserves the right to (a) make any adjustments centrally in [the](#) Treasury's Central Accounting System and (b) to remove any agency from the IPAC system in those instances when the agency fails to comply with the rules and regulations set forth by the Treasury. For additional information on the IPAC system, refer to Chapters [8](#), [9](#), and [13](#), and Volume 4, Chapter 3.

**\*1104 LOCKBOX COLLECTIONS****110401. 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. [Fiscal Service](#) has designated a network of commercial banks to serve as lockbox collection points for other Federal agencies. A lockbox is a post office box established by an approved financial institution for receipt of payments to an agency. Lockboxes facilitate collections of receipts mailed to Federal agencies arising from the payment of fees, loan repayments, payment of purchases from Federal agencies, and other payments. 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. [Fiscal Service](#) 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 [Fiscal Service](#). 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.

**110402. 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 from the servicing DFAS site to implement a lockbox operation.

**110403. Lockbox Implementation**

Generally, a lockbox application is identified through cash management reviews and audits. DoD activities desiring to use lockbox services should contact [Fiscal Service](#) through the supporting DFAS site, and provide an updated cash flow review consisting of current collection practices and deposit information. [Fiscal Service](#) and the DoD activity will jointly 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 [Fiscal Service](#) will select a network bank for the activity to implement lockbox services. Activities utilizing lockbox collection services (billing activity) **must** enter into a [Memorandum of Understanding \(MOU\)](#) with [Fiscal Service](#) and the lockbox bank designated by [Fiscal Service](#). 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 Treasury's financial regulations and reports. Recommendations will be made for an alternative collection mechanism when a lockbox application is not viable.

## 1105 CREDIT GATEWAY

## 110501. Overview

The Credit Gateway is a collection program for Fedwire and [ACH](#) credit transactions. For more information about Credit Gateway, see [Fiscal Service's Credit Gateway](#).

## 110502. Implementation

Activities who want to use the Credit Gateway must complete the new account setup form and email it to [Fiscal Service](#). [Fiscal Service](#) will coordinate with the financial agent to assign an account number. Upon notification that the account number is active, the activity can provide the account number to customers and receive payments. Activities interested in creating a Credit Gateway account should review [the Fiscal Service's Credit Gateway: Getting Started](#).

## 110503. Credit Gateway Process

A. The activity advises the customer of the obligation due the Government, either by invoice, bill, letter, or other means. The agency also supplies the customer with the appropriate information to include in the transaction.

B. When the customer sends the payment through their financial institution, the FRB receives the transaction and credits the Treasury's account.

C. Transaction information is submitted to the Treasury via the [CIR](#). The transaction information includes both detailed and summary [deposit](#) information. The activity [can](#) download the information [from CIR](#).

1. [Fedwire Reporting](#). [CIR](#) will report deposit information for Fedwires in near real-time.

2. [ACH Credit Reporting](#). [CIR](#) will report future-dated and settled ACH credit entries.

## 1106 PAY.GOV

## 110601. Overview

[Pay.gov](#) was developed by [Fiscal Service](#) to meet a commitment of processing collections electronically using Internet technologies. Pay.gov satisfies agencies' and consumers' demands for electronic alternatives by providing the ability to electronically complete forms, make payments, and submit queries 24 hours a day. Pay.gov is a secure, government-wide collection portal and provides a suite of services allowing agencies to obtain and process collections in an efficient and timely manner.

## 110602. Services

The Pay.gov application is comprised of four services: billing/notification, forms, reporting, and collections.

## 110603. Collections Service

The Pay.gov collections service has [credit and debit](#) card transaction and ACH debit transaction processing options. Activities who want to accept [credit and debit](#) cards through Pay.gov must apply for an Internet merchant account with the [Fiscal Service CAS](#). Pay.gov accepts several payment options:

A. [One-time Payments](#). The customer submits a one-time payment to the activity.

B. [Recurring Payments](#). The customer sets the payment details and establishes a specific interval of time between each payment. Payments continue until all payments have been made or the payments have been canceled.

C. [Deferred Payments](#). The customer can enter and schedule a payment up to 30 days in advance. Customers performing a [credit or debit](#) card transaction cannot use this option.

D. [Preauthorized ACH Debits](#). The customer can authorize the activity to submit payment information, on their behalf, for regular, recurring ACH debits. The customer must provide advance, written authorization. The activity submits the payment information to Pay.gov.

## \*110604. Implementation

A. [Prior to implementing Pay.gov, activities must obtain the approval of the servicing DO.](#)

B. [Activities considering use of Pay.gov are directed to Fiscal Service's Pay.gov – Getting Started. Guides and technical information can be found at the Pay.gov Agency Documentation.](#)

## \*1107 DEPOSITS OF FUNDS

Under [Title 31, United States Code \(U.S.C.\), Section 3302](#), custodians of money (e.g., DOs) holding cash [or negotiable instruments](#) in excess of either current requirements or the amount authorized to be held at personal risk, whichever is less, must deposit them promptly in an authorized depository of the Treasury for credit to the Treasurer of the U.S. This does not apply to instruments to be returned to remitters in the form received (e.g., deposits of unsuccessful bidders for the sale of government property).

## 110701. Over the Counter Channel Application (OTCnet)

A. Overview. OTCnet has integrated the functionality of the Paper Check Conversion Over the Counter (also referred to as PCC OTC) and the Treasury General Account Deposit Reporting Network (also referred to as TGAnet) systems into a single web-based application for making cash and check deposits. It allows the user to perform the end-to-end process via the Internet. However, there are “off-line” check capture capabilities for activities operating in locations with intermittent or unavailable bandwidth and communication. For more information about OTCnet, see Fiscal Service’s OTCnet

B. OTCnet Requirement. All physically received, negotiable instrument deposit transactions must be processed through OTCnet. However, agencies unable to use OTCnet for deposits of negotiable instruments, due to contingency operations, must establish depository arrangements with US Bank’s Mail-In TGA (MITGA) through the FRB St. Louis. This includes the deposit of commercial checks and U.S. Treasury checks. For more information on MITGA, see paragraph 110703.

C. Deposit of Cash and Negotiable Instruments. When using the OTCnet Deposit Reporting function, the depositing agency may combine cash and negotiable instruments into one deposit.

D. Required Information in Block 6. At a minimum, Block 6 of the OTCnet deposit ticket must identify the depositing entity’s name and location, the deposit preparer’s name, email address, and the deposit preparer’s phone number. The extent of additional information required in Block 6 is at the discretion of the DO.

E. Handling of Scanned Negotiable Instruments. After scanning items in OTCnet, the scanned negotiable instruments must be retained until it is verified that they reside within OTCnet and a good image is on file. This verification must take place within 14 calendar days. Items that have been scanned and are awaiting approval must be secured in an approved manner (see Chapter 3). Once verified, the negotiable instruments must be destroyed.

## 110702. Depositories

A. General Depositories. The TFM describes general depositories as commercial banks or other financial institutions designated specifically and authorized by the Treasury to maintain a demand account in its name to accept deposits to the TGA. These depositories are designated only where they are needed to receive deposits of public funds for credit to the TGA or to furnish cash to DOs for official disbursements. Making deposits to a TGA eliminates processing floats. If more than one bank has been authorized at a base, station, installation, or command, the local commander must give equal recognition when recommending designation of authorized financial institutions as TGA depositories. After Treasury approval, the commander should reasonably distribute official financial transactions among the approved depositories. Do not deposit public funds in a financial institution that has not been approved as a general depository except as shown in subparagraph 110702.D, and do not mail deposits to a TGA without specific Treasury authorization to do so.

B. Requests to Deposit with or Change General Depository. DOs formally request authorization to deposit collections with a general depository, or change from one authorized depository to another, following guidance provided in [1 TFM 5-4010.10](#). This requirement also includes those instances when on-base banks or credit unions undergo changes such as acquisitions or mergers. Send the completed request, no later than 35 calendar days prior to desired deposit start date, to the DoD Banking and Credit Union Office via email: DFAS.dsc.jjf.DOD-FINANCIAL-INSTITUTIONS-TGA@mail.mil fax: (216) 367-3388; or mail: DFAS Columbus, Attn: DFAS-JJFH/CO, P.O. Box 182317, Columbus, OH 43218-2317, for review, coordination, and submission to the FRB St. Louis.

C. Need for General Depository Ceases to Exist. The DO advises DFAS-JJFH/CO of the date on which the need for a general depository ceases to exist, and the reason therefore.

D. Limited Depositories. Limited depositories are designated only to receive deposits made by or on behalf of DOs for credit to their official non-symbol checking accounts maintained with such depositories. Limited depositories are not authorized to accept deposits for credit to the Treasury. See Chapter 14.

#### 110703. Deposit Requirements

A. Frequency. Deposit all funds received for credit to the Treasury's account promptly.

1. Make deposits before the depository's specified cut-off time, but as late as possible to maximize daily deposit amounts. Deposit receipts of \$5,000 or more on the day received before the depository cut-off time. In instances where the disbursing office business day has been advanced due to volume of transactions and balancing requirements, make deposits on the disbursing office business day on which the receipts are processed into the DO's account. For example, today's calendar date is September 7 but the disbursing office business date is September 8. If receipts for the DO's business date of September 8 equal or exceed \$5,000, make the deposit before the depository's cut-off time on September 8.

2. When same-day deposit is not cost effective, make the deposit the next day. A DO may need to set a cut-off time regarding preparation of deposits. When deposits on the following day and all receipts received after the cut-off for daily deposits of receipts total less than \$5,000, the receipts may be accumulated and deposited when the total reaches \$5,000. However, make deposits by Thursday of each week, regardless of the amount accumulated. DOs should limit their transmittals of deposits to one per day. Agencies must have adequate internal controls to ensure the security of all un-deposited funds.

3. When mailing deposits, deposits must be sent to US Bank's MITGA, rather than to the FRB. The MITGA will be utilized when mailing a deposit of commercial checks, U.S. Treasury checks, and at the direction of the DO, cash. Before mailing deposits, the DO must establish depository arrangements with US Bank's MITGA through the

FRB of St. Louis. Once approved, the MITGA will be established within OTCnet, and OTCnet will be used in conjunction with the MITGA. When using the MITGA during contingencies (when OTCnet is not available), the DO will contact FRB St. Louis to obtain permission to mail in a deposit. Once approved, the requestor will be provided a special form to complete and mail with the deposit. The former SF 215 (manually prepared deposit ticket) cannot be used.

4. For Navy vessels at sea, when daily mail service is not available, receipts consisting only of personal checks, money orders, and other negotiable instrument(s) may be accumulated up to \$5,000 before they must be deposited, provided that a deposit of all receipts on hand is made at least once each week. The DO prepares the deposits for mailing via registered mail and delivers them to the military post office onboard. The DO may not hold negotiable instruments to be deposited in his/her accountability pending arrival at the next scheduled port of call. Regardless of the total amount, the time interval since the last deposit, and the type of checks and negotiable instruments on hand, DOs on board Naval vessels make a deposit on the last regular business day before leaving port and on the first regular business day after returning to port for any at-sea period in excess of 1 week.

## B. U.S. Dollar Deposits

1. Negotiable Instruments. Deposit negotiable instruments (e.g., personal checks, traveler's checks, cash, and money orders) payable in U.S. dollars for credit to the Treasury's account at an approved general depository. DOs may deposit Treasury Checks at Military Banking Facilities (MBF) overseas.

2. Checks Drawn on Foreign Banks in U.S. Dollars Payable through a Bank in the U.S. Checks drawn on foreign banks in U.S. dollars, payable through a bank in the U.S., must have an American Bankers Association (ABA) routing and transit number (RTN) printed on the item and a magnetic ink character recognition encoded with the U.S. bank's ABA RTN at the bottom left side of the check. Group these checks on a single deposit ticket and deposit them as described in subparagraph 110703.B.1.

### 3. Manner of Deposit

a. In conjunction with OTCnet, deposit cash, checks, drafts, or money orders in person with an authorized TGA. If a deposit of cash in person is impracticable at an authorized TGA, the next most preferred method is by armored car. The least preferred method of depositing cash is by registered mail to the MITGA. Since the delivery confirmation may require an additional fee to request a copy of the signature record with return receipt, the DO must ensure that funding is available. Charge costs for a cashier's check or money order to operations and maintenance or working capital funds available to the DO. If cash must be mailed, then the cash must either be double wrapped or placed in an inner and outer container. Deposit damaged or mutilated currency in accordance with Chapter 3.

b. Agent officers or any authorized collection officer may make deposits on behalf of the DO when an approved designated depository is available. [These individuals will use OTCnet for deposits.](#)

c. When an approved designated depository is not available, agent officers or any authorized collecting officers may send cash to the DO by [conversion to postal money order, bank money order, or cashier's check](#). Pay the fee for purchase of the cashier's check or postal/bank money order in cash at the time of purchase, and attach the receipt to the DD Form 1131. Deduct the cost of the cashier's check or postal/bank money order from the total amount collected. Show in the body of the DD Form 1131 the total amount collected, the fee for the cashier's check or postal/bank money order, the net collection, and the bank and date of the money order. See [Figure 11-2](#).

C. Foreign Currency Deposit. See Chapter 13.

D. Reporting Large Deposits. To permit [Fiscal Service](#) to manage the government's cash position at each FRB, large deposits must be reported in advance of the transaction settlement date ([I TFM 6-8500](#)). Per [I TFM 6-8500](#), [IPAC transactions are exempt from this reporting requirement](#).

E. Sorting and Listing of Instruments. Include with each completed [deposit ticket](#) an adding machine tape or other listing, unless other arrangements have been made with the depository. Sort all currency by denomination, face and top up, and deposit it in full packages (100 notes) of each denomination: \$1, \$2, \$5, \$10, \$20, \$50, and \$100. Prepare partial packages for each denomination not containing 100 notes. Secure each package (full or partial) with a currency strap bearing no printed denomination. DOs may obtain these straps from commercial suppliers. Legibly show the total dollar amount and DSSN on each package of currency on each strap. Roll coins whenever possible. Include with each completed [deposit ticket](#) an adding machine tape or other listing reflecting, by denomination, the total of currency and coin being deposited.

F. Endorsement of Negotiable Instruments

1. Area for Endorsements. Negotiable instruments must be endorsed on the back in the 1 1/2 inch space along the "trailing edge." When viewing the face (front) of a check, the trailing edge is the left hand edge. Normally, endorsements consist of the name of the payee and other identifying information required by the activity cashing the check. When the DO is preparing checks made payable to DoD, a DoD Component, another government agency, or the DO for deposit, the endorsement stamp required by subparagraph [110703.F.2](#) appears in this space. When multiple endorsements occur (or the space is used by a qualified endorsement such as for checks endorsed over to the DO by the payee) and the DO's endorsement requires space beyond the first 1 1/2 inches from the trailing edge, the DO uses the assigned space for subsequent endorsers (the back of the check in the upper right hand corner, no more than 3 inches from the right hand edge (leading edge) of the check). Do not refuse a check when the area assigned for the bank of first endorsement has been used. Such checks are

acceptable but may not be processed by the banking system in the prescribed time frames under the Expedited Funds Availability Act (12 U.S.C., Chapter 41), which could hamper collection action. Blue or black ink is preferable for endorsements.

2. Endorsement Requirements. Activities with stamps containing additional information may use them so long as the endorsement fits within the 1-1/2 inch space assigned for payee endorsers.

a. Negotiable Instruments Deposited with a General Depository. When using the Deposit Reporting function of OTCnet, all negotiable instruments in payment of an obligation due the United States, regardless of the payee to which drawn, must be endorsed on the back of the instrument in the 1-1/2 inch space along the trailing edge (see Figure 11-3). Insert the component's name (e.g., Army, Navy, DFAS) first and then insert the four-digit disbursing activity's DSSN in the blank following "DSSN." These may be entered manually, mechanically, or be included as a part of the stamp itself. Enter, either manually or mechanically, the date on which the deposit is made in the blank following "Date" to correspond with the bank's business day. See subparagraph 110703.A.

b. Conditional Endorsements. Do not accept checks with conditional endorsements, e.g., "Payment in Full." Return these checks to the drawers and advise them that the DoD cannot legally accept them.

c. When Scanning Negotiable Instruments. If a depositing location is using the Check Capture function of OTCnet (i.e. check image scanning), there is no requirement for endorsing the negotiable instruments being scanned. The only time that a signature would be required is when scanning a Third-Party check. Acceptance of Third-Party checks is not recommended.

G. Record of Negotiable Instruments Deposited. DOs keep a complete record of negotiable instruments mailed or presented to depositories. This should be accomplished using scanned or photocopied images of both sides of the instruments. If scanning or photocopying is not possible, prepare a typed or written list containing the source of the instrument, name of the financial institution on which drawn, type of instrument, serial number, payee, maker, endorser (name of person from whom received when other than drawer), date drawn, and amount. Copies of collection vouchers or other documents that show the same data are acceptable as the record of instruments. If an item is lost in banking channels, the DO must be held pecuniary liable if the maker of the instrument cannot be identified in order to contact that person for a replacement. Therefore, photocopied, scanned, or prepared lists of instruments deposited must be kept in active files until receipt of the deposit is confirmed in CIR.

H. Lost Negotiable Instruments. When a negotiable instrument is lost, whether before or after deposit, the DO adjusts the affected accounts and immediately requests that the maker of the instrument stop payment and replace it with a new check or other form of payment. DOs must inform members of their legal obligation for the check and offer them

another opportunity to replace the check. If the military member refuses, the DO may, as with any other debt, pursue involuntary collection action against the military member's pay.

I. Disposition of Funds on Transfer or Reassignment Without Relief. A DO that is transferred or reassigned without being relieved by another DO deposits all funds in his/her possession prior to the transfer or reassignment. This includes all funds held by deputies, agents, and/or cashiers, including imprest funds and change funds. Report each deposit made during the period including the final deposit.

110704. Deposit Transactions

A. Distribution and Disposition. Send a copy of the deposit ticket to the depository with the funds and/or negotiable instruments being deposited. The DO retains a copy to assure that all deposits are in fact confirmed. The DO follows up on unconfirmed deposits as required by paragraph 111004. In instances where a deposit is not confirmed in the same month as mailed, refer to Chapter 15. The supporting DFAS site may also require the DO to submit a copy in support of the reported deposit activity for that month.

B. Accounting for Deposits. After netting out all debit vouchers (except those used for EFT) to be accounted for in the current business day, enter the total of all the deposits to be accounted for during the business day (including deposit tickets in OTCnet) on line 4.2A of the DD Form 2657. At the end of the accounting period (month), use a record of each deposit ticket (and debit voucher, including those for EFT) applicable to only the current accounting period to prepare the detailed deposit activity report to support the SF 1219. The total of the detailed deposit activity report must agree with the total reported on line 4.2 on the face of the SF 1219 and with the total reported in Column 5, Section II, Part B, on the reverse of the SF 1219.

C. Debit Vouchers In Relation to Deposits

1. General. When a check is returned unpaid to the depository with which the check was originally deposited, the depository may process a debit voucher to charge the depositing DSSN. The depository may also prepare a debit voucher charging the depositing DSSN whenever a check is lost after deposit. Debit vouchers may also be issued by depositories and by the Treasury to establish other valid charges against a DO's account, e.g., exchange fees and other collection charges assessed in connection with foreign instruments deposited. The DO immediately records all debit vouchers received on the DD Form 2657. Include the debit vouchers in the SF 1219 for the month in which received.

## 2. Action by the DO

a. Nontactical Disbursing Activities. For **debit vouchers** received in connection with returned unpaid checks, see Chapter 4 for guidance on processing dishonored checks. For **debit vouchers** received in connection with checks lost after deposit, the DO follows subparagraph **110703.H**. Process new checks received pursuant to action taken by the DO as a new deposit. Process charges for handling foreign checks as prescribed in Chapter 13.

b. Tactical Disbursing Activities. DOs **must** comply with **debit vouchers** received from a depository whenever any one of the following conditions exist: the deposit (which included the lost or dishonored check) was made during the incumbency of the current DO; the deposit (which included the lost or dishonored check) was made during the incumbency of a DO whose account is being subjected to the 90-day local retention period; or the maker or endorser of the lost or dishonored check is locally available for collection action. If none of the foregoing conditions apply, **then** the current DO forwards the **debit voucher**, by cover letter, to the activity designated to settle the former DO's account. In addition, either the original dishonored check as returned by the depository or, in the case of lost checks, a copy of the relevant abstract from the listing of instruments deposited, **should be sent**. Include in the cover letter the most recent information concerning the present location and status of the maker or endorser of the check in question. Send a copy of the cover letter to the issuing depository.

3. Distribution. The DO sends a copy to support the monthly financial reports and retains a copy with their retained financial records.

4. Accounting. Account for **debit vouchers** as negative deposits. As noted in subparagraph **110704.B**, net all **debit vouchers** (except those used for EFT) in the current business day against all deposits for that business day, and record the total on line 4.2A of the DD Form 2657. Record EFT **debit vouchers** on line 4.2B. At the end of the accounting period (month), use the **records** of each **debit voucher** (including EFT **debit vouchers**) and each **deposit ticket** applicable to only the current accounting period to prepare the detailed deposit activity report to support Section II, Part B of the SF 1219. The total of the detailed deposit activity report must agree with the total reported on line 4.2 on the face of the SF 1219 and with the total reported in Column (5), Section II, Part B, on the reverse of the SF 1219.

## 1108 INTERNATIONAL TREASURY SERVICES (ITS.GOV)

**ITS.gov** is the Treasury's comprehensive international payment and collection system. It is the preferred payment method for foreign-currency transactions. DOs are encouraged to use ITS.gov to the maximum extent possible wherever the infrastructure will support its use. Prior to using ITS.gov, an MOU between the activity and the **Fiscal Service** is required. Activities interested in using ITS.gov should contact **Fiscal Service**. Contact information is available at **Fiscal Service's ITS.gov website**. See Chapter 13 for guidance on foreign-currency payments.

**\*1109 PAYMENT INFORMATION REPOSITORY (PIR)**

## 110901. Overview

PIR is a web-based, centralized repository of payment related data. PIR provides the ability for agencies to view summary and/or detail, and provides for data analysis. PIR has replaced CA\$HLINK II for payment voucher information. For more information on PIR, see Fiscal Service's [PIR](#).

## 110902. Standard Reporting Format (SRF)

The SRF is an input file specification that defines data elements and business rules that must be used for reporting payment and associated TAS/BETC information to PIR. When fully implemented, DoD agencies will be required to use the SRF to submit detailed payment and accounting data to PIR. More information on the format specification can be found at Fiscal Service's [Standard Report Format](#).

## 110903. Access

To gain access to the PIR, see Fiscal Service's [Getting Started](#).

## 110904. Reconciliation of EFT Transactions

A. [Confirm PIR](#). EFT payment transactions are recorded using debit vouchers. DOs should reconcile their EFT payment data (i.e. EFT debit vouchers) with PIR.

B. [Discrepancy - Over or Understated Debit Vouchers](#)

1. A difference occurs when a **debit voucher** amount is overstated or understated.

a. An overstated **debit voucher** exists when the amount entered exceeds the value of the check or EFT payments it covers.

b. An understated **debit voucher** exists when the amount entered is less than the value of the check or EFT payments it covers.

**\*1110 COLLECTIONS INFORMATION REPOSITORY (CIR)**

## 111001. Overview

CIR is a **web-based**, centralized repository of detailed deposit and collection transaction data that has been collected from all of the Treasury's collection systems and settlement mechanisms into a single system. CIR provides the ability for agencies to view summary and/or

detail level data; extract and analyze data in various scenarios; and produce flexible, standardized reports based on agencies' needs. CIR has replaced CA\$HLINK II for deposit reconciliation. For more information on CIR, see Fiscal Service's [CIR](#).

\*111002. Requirement

DOs must confirm deposits using CIR. For guidance on deposit reconciliation, see paragraphs 111003 and 111004.

111003. Deposit Reconciliation – General

A. DOs report deposit activity in connection with their financial reports. Each disbursing office prepares and submits the detailed deposit activity report formerly required by the respective Component. The net dollar value of these inputs ultimately is given to the Treasury, which also receives detailed reports from each depository of all [deposit tickets](#) and [debit vouchers](#) received from DOs, or issued by depositories, as appropriate. Refer to Table 11-1 and Table 11-2.

B. Monthly, the Treasury compares the value of deposits and debit vouchers reported by DOs on SF 1219s and detailed deposit activity reports to the value of deposits and debit vouchers reported through CIR. When the Treasury is unable to reconcile the information in the two reporting systems, it sends a FMS Form 6652 (Statement of Differences, [Deposit Transactions](#)), with supporting detail of deposits and debit vouchers reported by the depositories, to the applicable DFAS site for redistribution to the appropriate disbursing office for reconciliation. Any deposit discrepancy appearing on an FMS Form 6652 will appear on every subsequent FMS Form 6652 until it is reconciled. Consider all SOD differences on the FMS Form 6652 that have not been reconciled within two accounting months, and that have been validated as meeting the criteria of an actual physical loss of funds, as a loss or overage of funds with the associated pecuniary liability as prescribed in Chapter 6. Do not consider timing differences and/or reporting errors as a loss of funds, but the DFAS site must pursue aggressive action to clear the differences with appropriate offsetting transactions, via departmental level, Treasury, and/or agency within two accounting months of the offsetting transaction appearing on the SOD. The effective date of the deposit discrepancy is the last business day of the accounting month during which the discrepancy was first reported on the FMS Form 6652.

C. DOs must strictly adhere to the preparation requirements for the [deposit tickets](#) and [debit vouchers](#) as described in [paragraph 110704](#). It is also imperative that DOs report promptly and properly all [deposit tickets](#) and [debit vouchers](#). See [paragraph 111004](#) for detailed instructions for clearing deposit differences from the FMS Form 6652.

D. Once [deposit tickets](#) have been released to a depository, the documents cannot be recalled, corrected, or resubmitted. In addition, the Treasury prescribes specific instructions to all approved depositories regarding adjustments of errors discovered subsequent to the day of deposit. Correct any error discovered after release of a deposit to a depository or differences reported on the FMS Form 6652 through the reconciliation process. DOs must take

aggressive action to reconcile and/or clear all differences as rapidly as possible after notification by the Treasury that a difference exists (see subparagraph 111003.B). To maintain control, the DO or the DO's designee(s) monitor deposit activity daily using CIR and maintain either a manual or mechanized subsidiary record of all deposit differences. The DO or the DO's designee(s) review the record of differences at least weekly to ensure these differences are cleared. Keep documentation supporting the review process for six years and three months as evidentiary support of the review process. These records need not be certified. Also, each time there is a change of DOs, the incoming DO validates the unresolved differences. If the departing DO cannot provide the incumbent DO with documentation supporting the unresolved items, the departing DO processes the unsupported items as a loss or overage of funds (see Chapter 6).

#### 111004. Deposit Reconciliation – Discrepancies

##### A. Over or Understated Deposit Tickets

1. A difference occurs when a **deposit ticket** amount is overstated or understated.

a. An overstated **deposit ticket** exists when the amount entered exceeds the amount of cash or negotiable instruments submitted with it.

b. An understated **deposit ticket** exists when the amount entered is less than the amount of cash or negotiable instruments submitted with it.

2. Treasury regulations for depositories do not permit changing the amount on a **deposit ticket** or **debit voucher**. They require the depository to confirm a deposit as presented and immediately issue either a **debit voucher** for the amount of the overage or an additional **deposit ticket** for the amount of the shortage. In either situation, the DO should discover an overage of funds for an overstated deposit or a loss of funds for an understated deposit upon the first balancing after the deposit was presented or mailed to the depository and recorded on the DD Form 2657. Treasury regulations also require the depository to confirm a debit voucher as presented and immediately issue a **deposit ticket** for the amount of the overage or an additional **debit voucher** for the amount of the shortage. In either of these situations, the DO should discover an overage of funds for an overstated debit voucher or a loss of funds for an understated debit voucher upon the first balancing after the debit voucher was presented or mailed to the depository and recorded on the DD Form 2657. Daily monitoring of deposit activity using CIR enables early detection of these differences. Upon receipt of a copy of an adjusting **deposit ticket** or **debit voucher**, the DO records the document on DD Form 2657. If actions required by Chapter 6 were taken to record the overage or shortage of funds upon discovery, receipt of the adjusting **deposit ticket** or **debit voucher** from the depository enables a more rapid settlement of the discrepancy in the DO's accountability. If an overage or shortage of funds was not discovered before receipt of the adjusting **deposit ticket** or **debit voucher**, and recording the document creates an overage or shortage, then the DO processes the overage or shortage as prescribed in Chapter 6.

B. Deposits Not Reported by Depositories. [Deposit tickets](#) that have been reported by DOs but not by the depository do not appear in [CIR](#). These appear on FMS Form 6652. Daily monitoring of [CIR](#) alerts the DO to possible deposit differences, when a deposit does not appear in the system after a reasonable period of time, based on whether the deposit was presented to the depository in person or by mail.

1. If the depository [does not confirm the deposit](#) within a reasonable period of time for deposits presented by mail, the DO initiates follow-up action with the depository to determine the status of the deposit. A reasonable period of time is considered to be the normal mailing time from the date mailed to the depository until the date the [deposit is confirmed](#), based on past experience. Tactical DOs consider unit movement schedules and locations when the deposit was mailed. In any event, initiate follow-up action within 30 days from the date of mailing a deposit.

2. Include with a follow-up request to a depository a copy of the applicable [deposit ticket](#) and a description or copies of the instruments included in a deposit. The depository provides confirmation information to the DO in response to the follow-up request. If the depository acknowledges receipt of the deposit but refuses to report the transaction to the Treasury, the DO provides written notification, with copies of all correspondence and documents involved, to [DFAS-ZPFA/IN](#), which will then pursue resolution of the issue through the Treasury and provide the DO written instructions on additional actions to be taken.

3. If the follow-up action does not result in confirmation of the deposit or the depository notifies the DO that the deposit was not received, the DO [will](#) reverse the deposit transaction in the current month's business. The DO prepares and processes an [Optional Form \(OF\) 1017-G \(Journal Voucher or JV\)](#) to document the reversal. Record the [JV](#) on the DD Form 2657, line 4.2A as a negative deposit and on line 7.3 as a loss of funds, and include it on the corresponding lines of the SF 1219 at the end of the month. Describe the deposit reversal in Section II, Part B, Column (3) of the SF 1219, and indicate the month and year the deposit was initially reported to the Treasury. Show the amount of the reversed deposit as negative or bracketed. Reverse the deposit in the current month's detailed deposit activity report, using the actual deposit number, month and year of the deposit (as initially reported to the Treasury). Show the amount as negative or bracketed. These actions remove the deposit from the detailed deposit activity report, clear FMS Form 6652, and record the deposit as a loss of funds. Attach a copy of the follow-up memorandum to the depository, the depository's response, and FMS Form 6652 which initially included the deposit difference as supporting documents to the [JV](#). Report and process the resulting loss of funds as prescribed in Chapter 6. If negotiable instruments were included in the lost deposit, follow [subparagraph 110703.H](#) for those instruments.

C. Debit Vouchers Not Reported by DOs

1. [Debit vouchers](#) are generally prepared only by depositories as adjustments to erroneous amounts on [deposit tickets](#) and [debit vouchers](#) to return negotiable instruments that are dishonored, or to adjust [deposit tickets](#) for counterfeit currency. All [debit](#)

**vouchers** prepared by depositaries are reported automatically to **the** Treasury. Unless the DSSN appearing on the **debit voucher** is not the DSSN of the DO receiving the document, the DO records the **debit voucher** in his/her accountability upon receipt of a copy, and includes it in the detailed deposit activity report. This requirement applies regardless of whether the **debit voucher** is deemed erroneous or the reason given for the charge needs further clarification. If the DO fails to record and report the **debit voucher** on the DD Form 2657, SF 1219, and detailed deposit activity report for the month that the **debit voucher** is issued, the **debit voucher** will appear on the FMS Form 6652. If the **debit voucher** is issued near the end of the month and the DO does not receive and process the transaction in the month of issue, the **debit voucher** appears on the FMS Form 6652 as reported by the depositary and not by the DO. Daily monitoring of **CIR** alerts the DO that a depositary has issued a **debit voucher**. To clear this difference from the FMS Form 6652, the DO must **confirm the information in CIR** and include the **debit voucher** on DD Form 2657, SF 1219, and detailed deposit activity report during the month of receipt. The DO ensures the **debit voucher** is reported using the month and year of issue (as reported by the depositary in **CIR**), not the current month and year in which the **debit voucher** is being recorded and reported. Section II, Part B, Column (3) of the SF 1219 must indicate the actual month and year of the debit voucher as reported by the depositary. The **debit voucher** also must be included in the detailed deposit activity report and must be reported using the actual month and year the **debit voucher** was issued (as reported by the depositary).

2. In some instances, **debit vouchers** for electronic payments through the Federal Reserve System are prepared by the paying DO and submitted to the depositary with the payment file. Include these **debit vouchers** on the DD Form 2657, SF 1219, and detailed deposit activity report for the month of payment. Failure to include a **debit voucher** electronic payment transaction on DD Form 2657, SF 1219, or the detailed deposit activity report will create an out-of-balance condition on DD Form 2657 and SF 1219, unless the DO also failed to record the disbursement. For example, if a DO processes and includes a disbursement voucher on DD Form 2657 and SF 1219, prepares and submits a debit voucher to the depositary with the electronic payment file, but does not include the **debit voucher** on DD Form 2657, SF 1219, and detailed deposit activity report, **then** the DD Form 2657 and SF 1219 will not balance. Proper balancing procedures preclude this situation. If the transaction occurred near the end of the month, and the DO cannot process and report the transaction in the transaction month, **then** the deposit difference appears on FMS Form 6652. To correct this difference, the DO must obtain the transaction documentation and process both the payment and the **debit voucher** on DD Form 2657, SF 1219, and detailed deposit activity report during the current month. The DO must ensure the reporting of **debit vouchers** using the month and year the payment was actually made (as reported by the depositary in **CIR**), not the month and year in which the **debit voucher** is being reported. Section II, Part B, column (3) of the SF 1219 also must indicate the actual month and year of the **debit voucher** as reported by the depositary. Include the **debit voucher** in the detailed deposit activity report and report it using the actual month and year the **debit voucher** was reported by the depositary.

**D. Debit Voucher Not Reported by Depositaries.** **Debit vouchers** that have been reported by the DO but not by the depositary will appear on the FMS Form 6652. The most frequent cause of this difference occurs when a depositary receives a **debit voucher** and payment file for payment by EFT, but rather than processing and reporting the **debit voucher** given by the

DO, prepares a new **debit voucher** and reports it to the Treasury. The depository provides the DO with the copies of the **debit voucher** it prepared and reported. If the DO reports the **debit voucher** given to the depository and the depository also reports it, the transaction appears on the FMS Form 6652. The supporting detail given with the FMS Form 6652 indicates a specific **debit voucher** reported by the depository but this detail does not match the data in the DO's detailed deposit activity report. Daily monitoring of **CIR** alerts the DO that the depository has issued a new **debit voucher**. DOs using depositories that routinely process **debit vouchers** in this manner should contact the depository in writing. The DO should request an explanation for the actions and that the depository processes the **debit vouchers** given by the DO with the payment files. If the depository refuses to process the **debit vouchers** given by the DO, the DO **must then** provide written notification with copies of all correspondence and documents to **DFAS-ZPFA/IN**, which will pursue resolution of the issue through the Treasury and provide the DO written instructions on any additional actions to be taken.

1. To prevent this type of difference from appearing on the FMS Form 6652, the DO reports the **debit voucher** transaction on the detailed deposit activity report as reported by the depository. If the DO receives the copy of the **debit voucher** prepared by the depository before the end of the month in which the transaction occurred, he/she reports the **debit voucher** prepared by the depository rather than the one prepared by the DO. The DO keeps the copy of the **debit voucher** he/she prepared with the copy of the **debit voucher** the depository prepared. If the depository routinely continues to prepare new **debit vouchers**, include these with the written notification.

2. To clear this type of difference from FMS Form 6652, the DO must reverse the DO's **debit voucher** transaction from the current month's detailed deposit activity report and reenter the **debit voucher** transaction the depository reported, using the actual **debit voucher number**, month and year as initially reported to the Treasury. Enter the **debit voucher** prepared and reported by the depository exactly as reported by the depository. Also, describe the **debit voucher** reversal in Section II, Part B, Column (3) of the SF 1219, and indicate the month and year the **debit voucher** was initially reported to the Treasury. Also, describe the **debit voucher** prepared and reported by the depository in Section II, Part B, Column (3) of the SF 1219, and indicate the month and year the **debit voucher** was reported by the depository. Since these actions net to a zero, they should not impact the DO's pecuniary liability.

Figure 11-1. Example of a Bilateral Trading Partner Agreement

**BILATERAL TRADING PARTNERSHIP AGREEMENT**

Intra-governmental Payment and Collection (IPAC) Trading Partnership Agreement between the Defense Finance and Accounting Service, Agency Location Code (ALC) 0000\_\_\_\_\_ and \_\_\_\_\_, Agency Location Code (ALC) \_\_\_\_\_.

Reimbursable billings (SF-1080/1081) will be generated by ALC 0000\_\_\_\_\_ and ALC \_\_\_\_\_ for payments and collections from each other. IPAC is the preferred method of collecting these receivables. This agreement states that ALC 0000\_\_\_\_\_ and ALC \_\_\_\_\_ will provide all data elements required below for all transactions processed by both Trading Partners.

The following IPAC data elements will be provided when initiating an IPAC transaction between trading partners.

Required Treasury Fields:

- ALC Transaction Contact (Technical POC)
- Contact Phone
- Contact E-mail Address
- Purchase Order Number
- Invoice Number
- Quantity
- Unit of Issue
- Unit Price
- Detail Amount
- Pay Flag
- Sender's Treasury Account Symbol
- Receiver's Treasury Account Symbol
- Sender Standard General Ledger Account Information
- Receiver's Department Code
- Accounting Classification Code
- AAA/FSN/ADSN
- Obligating Document Number (MIPR Number)
- Sender and Receiver Business Event Type Code (BETC)
- Sender and Receiver Business Partner Network number (BPN)

The Transaction Description field on each detail line MUST be used to supply the additional information requested by the trading partners:

- Complete Line of Accounting to include Fiscal Station Number (FSN), Accounting and Disbursing Station Number (ADSN), or Authorization Accounting Activity (AAA)
- Brief description of goods and services
- Receiving office Point of Contact and phone number if available

"One-to-one billing" will be used by both partners. "One-to-one billing," for the purpose of this agreement, means the use of detail lines will be done when funds, for more than one action, are processed on a single IPAC transaction. For example, the summary amount may be \$500.00, but if funds for two separate actions are included in this amount, then there must be two detail lines.

ALC 0000\_\_\_\_\_ will not initiate or accept any new IPAC transactions during the last four business days of the month. Only adjustments entered or charged will be accepted. Any exceptions must be coordinated with the POC listed below.

Both trading partners have the right to reverse (adjust), without notice, any transaction that does not belong to their ALC, does not contain the required information referenced above or if the transaction exceeds authorized funding.

Figure 11-1. Example of a Bilateral Trading Partner Agreement (Continued)

The Intra-governmental Business Rules, [Treasury Financial Manual \(TFM\) Volume I, Part 2, Section 4700, Appendix 10](#), mandates that trading partners register their BPN numbers in the BPN Federal Register ([FEDReg](#)). For the purposes of this agreement, the requesting agency is the buyer and the providing agency is the seller.

The following information must be exchanged between trading partners at the time of procurement:

- The common agreement number (order number)
- Funding Source
- Buyer and Seller TAS
- Buyer and Seller BETC
- Effective Date
- Duration of the Agreement
- Expiration Date of Funding Source
- Amount
- Method of Payment
- Buyer and Seller BPN
- Method of Performance
- Frequency of Performance
- Provisions for Advance Payments
- Method of liquidating Advance Payments
- Trading Partners right to modify, cancel, or terminate the agreement

Dispute Resolution:

Both the Buyer and the Seller agree to contact the POC, in a timely manner, to try and resolve any discrepancies before reversing transactions that fall outside the guidelines for automatic adjustment mentioned on the previous page.

Both Trading Partners must agree to any amendments to this agreement prior to implementation.

Accounting/Finance office POC information

Name: Location:

Telephone Number:

Email Address:

Contracting Office Contact

Name:

Phone Number:

This agreement will commence on \_\_\_\_\_. Any amendments must be agreed upon by both trading partners prior to implementation.

\_\_\_\_\_ Disbursing Officer/Deputy

\_\_\_\_\_ Disbursing Officer/Deputy

\_\_\_\_\_ Accounting Representative

\_\_\_\_\_ Accounting Representative



\*Figure 11-3. Endorsement on Instruments Deposited to a General Depository

DO Endorsement

(Component) DSSN (00008368)  
For Credit to U.S. Treasury  
  
October XX, 20XX

Collecting Official Endorsement

(Component) DSSN (00008368)  
For Credit to U.S. Treasury  
*(Collecting Activity Depositing  
on Behalf of the DO)*  
  
October XX, 20XX

\*Table 11-1. Checklist for DFAS Site Responsibilities for Deposit Discrepancies

	DFAS Site Responsibilities for Deposit Discrepancies	Completed	
		Yes	No
1	Did DFAS site receive the DO's SF 1219 (Statement of Accountability) and a Schedule of Deposit Activity with a detail of the <a href="#">deposit tickets and debit vouchers</a> for the Reporting month?		
2	Did DFAS site balance, consolidate and report the status of <a href="#">deposit tickets and debit vouchers</a> for the reporting month?		
3	Is DFAS site using <a href="#">CIR</a> as a tool for deposit reconciliation, in accordance with Volume 5?		
4	Did DFAS site analyze the monthly Schedule of Deposit Activity and prepare a detailed report of Unmatched Transactions?  Did DFAS site compare the Schedule of Deposit Activity to the support listing of detailed <a href="#">deposit tickets and debit vouchers</a> reported in <a href="#">CIR</a> ?  Did DFAS site compare the Schedule of Deposit Activity and <a href="#">CIR</a> totals to the DO's SF 1219?		
5	Did DFAS site forward to the DO the Detailed Unmatched Listing of all <a href="#">deposit tickets and debit vouchers</a> not reported by the DO or the bank?		
6	Did DFAS site receive the FMS Form 6652 (Statement of Differences, Deposit Transactions) from Department of the Treasury?		
7	Did DFAS site distribute the FMS Form 6652 to the DO for reconciliation?		
8	Did DFAS site track, age, and reconcile all differences? (Amounts must be tracked and aged by DSSN and cleared within 2 accounting months from the effective date of the difference, i.e., not reported on the third FMS Form 6652 after the effective date).		
9	Did DFAS site monitor the FMS Form 6652 to ensure all <a href="#">deposit ticket and debit voucher</a> transactions that have not been reconciled after 2 months from the date of the initial transaction are reported as a loss or overage of funds in accordance with Volume 5?		

\*Table 11-2. Checklist for DO Responsibilities for Deposit Discrepancies

	<b>Disbursing Officer Responsibilities for Deposit Discrepancies</b>	<b>Completed</b>	
		<b>Yes</b>	<b>No</b>
1	Did the DO report all <a href="#">deposit tickets and debit vouchers</a> to Department of the Treasury in accordance with Volume 5?		
2	Is the DO using <a href="#">CIR</a> as a tool for deposit reconciliation, in accordance with Volume 5?		
3	Has the DO checked the Status of Deposits for all <a href="#">deposit tickets and debit vouchers</a> , including EFT, in the <a href="#">CIR and/or PIR</a> system for any differences from financial institutions (FI)?		
4	Did the totals of the FMS <a href="#">form 6652</a> equal the Detailed Unmatched Listing of all <a href="#">deposit tickets and debit vouchers</a> not reported by the DO or the FI by month and DSSN?		
5	Did the DO take necessary actions to resolve the differences (not including timing differences) within 2 accounting months in accordance with Volume 5?		
6	Was a loss/overage of funds processed for all differences over 2 accounting months from the effective date of the difference?  If over 2 accounting months from the effective date of the difference, did the DO then process debit differences as a loss of funds or credit differences as a miscellaneous receipt in accordance with Volume 5?		