

VOLUME 10, CHAPTER 16: “PAYMENT FOR POSTAL SERVICES AND SMALL PACKAGE DELIVERY COSTS”

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 **October 2012** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1602.A, B, C, D, E, F, G	Added policy references to include electronic payment request as a preference, proper invoicing, electronic and digital signatures, approval of a designated approving official and a properly appointed certifying official, auditability, prevalidation process, and provision for tax identification numbers.	Addition
160301.A, B, C, D	Added clarification regarding the required methods of payment for postal products prescribed by Title 41 Code of Federal Regulation (CFR), Subpart 102-192.50.	Addition
160401 (previous version)	Deleted reference to Advance Deposit Trust Accounts now that the United States Postal Service (USPS) offers services through Centralized Account Processing System (CAPS) for centralized trust and debit accounts.	Deletion
160401	Added policy for the appointment and requirements of Official Mail Managers (OMM).	Addition
160402	Added language for the Private Express Statutes (United States Postal Service (USPS) Publication 542) as part of the OMM's responsibility.	Addition
160403	Added language regarding the Department of Defense (DoD) OMM requirement to provide an annual Mail Management Report to GSA (GSA FMR 102-192.85).	Addition
160501.A, B, C, D	Added policy authorizing the DoD Components to enroll in CAPS for the monthly reconciliation requirements of CAPS accounts.	Addition
160502	Added policy for monthly reconciliation requirements for CAPS accounts (DoD 4525.8-M).	Addition

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
160503.D	Added language requiring the OMM to use worksheets to assist in the reconciliation process.	Addition
160503.F	Added language requiring the use of Postal Service Form 3533 when requesting refunds from the centralized trust account or debit account.	Addition
160601	Added policy language for DoD to enter into postage meter agreements with the USPS and meter provider.	Addition
160601 (previous version)	Deleted policy authorizing DoD to procure stamped and official business envelopes from the United States Postal Service.	Deletion
160603	Added policy reference for requesting refunds for spoiled meter tapes (39 CFR 501.15).	Addition
160604	Added language clarifying the authorized methods of payment to replenish commercial meter resetting system.	Addition
160701	Added clarifying language for DoD Components to procure DoD official business envelopes from Defense Logistics Agency (DLA) Document Services (DoD Instruction 5330.3).	Addition
160702	Added clarifying language that all working accounts must be audited at least once monthly.	Addition
160703	Added clarifying language authorizing the establishment of an advance deposit account for business reply mail.	Addition
160704.C	Added language for DoD Components to pay for postage due through the Official Mail Accounting System (OMAS) postage due account (Domestic Mail Manual, Section 604.6.3).	Addition
160803	Added a clarifying reference (Defense Transportation Regulation, Part II, Chapter 212) regarding a request for waiver when the environment does not support electronic processes for commercial small package express.	Addition

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CHAPTER 16

PAYMENT FOR POSTAL SERVICES AND SMALL PACKAGE DELIVERY COSTS

1601 GENERAL

160101. Purpose

This chapter provides Department of Defense (DoD) policy on processing payments to the United States Postal Service (USPS) for various types of postal services and to non-government service providers and commercial small package delivery costs.

160102. Authoritative Guidance

A. Statutory

1. Title 41, Code of Federal Regulations (CFR), [Part 102-192](#), Mail Management prescribes policy for mail in Federal agencies.

2. [Title 39 CFR Part 501.15](#) provides policy on Computerized Meter Resetting System (CMRS).

B. Regulatory

1. The [DoD 4525.8-M](#), DoD Official Mail Manual, DoD Instruction [\(DoDI\) 4525.08](#), DoD Official Mail Management and [DoD Directive 5101.11E](#), DoD Executive Agent for the Military Postal Service (MPS) and Official Mail Program (OMP) contain policy for official mail management.

2. The General Services Administration (GSA) Federal Management Regulation [Bulletins \(Mail Management\) Bulletin G-02](#) provides guidance for Federal agencies on converting to commercial payment systems for postage.

1602 POLICY

* A. [Title 10 United States Code \(U.S.C.\), Section \(§\) 2227](#) requires the use of electronic submissions when requesting payment. The electronic request for payment must contain all elements of a proper invoice as prescribed by Title 5 Code of Federal Regulations (CFR), [Part 1315.9\(b\)](#).

* B. All payment requests must be submitted in accordance with the DoD and Component's submission policies and procedures using a vendor invoice, Standard Form [\(SF\) 1034](#), Public Voucher for Purchases and Services Other Than Personal, or an electronic equivalent.

- * C. The DoD Components must use electronic and digital signatures to approve and certify financial documents processed through automated information systems as prescribed by 15 U.S.C. § 7001 and Volume 5, Chapter 1, paragraph 010305.C.
- * D. All payment requests must be approved by a designated approving official and a properly appointed certifying officer prior to disbursement to ensure that the information on the vouchers agrees with all supporting documentation. A properly appointed certifying officer also certifies that the vouchers are correct and proper for payment from the appropriation(s) or other funds cited on them or on supporting vouchers, and that the proposed payments are legal, proper, and correct (Volume 5, Chapter 5, section 0502).
- * E. To ensure auditability, a copy of all supporting documentation must accompany each payment request to the certifying official to include receipts, invoices, tickets, the Component's internal forms used as payment requests, and agreements and contracts. Refer to Volume 1, Chapter 9 for financial records retention policy. Certifying officers are responsible for retention of all payment documentation (Volume 5, Chapter 5).
- * F. A prevalidation process must occur that matches the proposed payment to the obligation of funds recorded in the accounting records prior to the disbursement of the payment request. Refer to Chapter 1, Section 0103 and Volume 3, Chapter 8 for additional policy regarding prevalidation requirements.
- * G. All payments require payees subject to the United States (U.S.) Internal Revenue Service (IRS) code to provide a Tax Identification Number (TIN) in accordance with 31 U.S.C. § 3325(d). In accordance with DoD 5 Title 400.11, Components must take action to ensure to safeguard the privacy of all individuals and the confidentiality of all personally identifiable information (PII). Any PII contained in a system of records that personnel access and use to conduct official business will be protected so that the preservation of information remains secure and confidential.

1603 PAYMENTS

*160301. Methods of Payment for Postage

Title 41 CFR, Subpart 102-192.50 establishes the following payment policy and methods:

- * A. The U.S. Intragovernmental Payment and Collection Payment (IPAC) process associated with the Official Mail Accounting System (OMAS);
- * B. The USPS Centralized Account Processing System (CAPS) associated with commercial payments; or
- * C. Another Treasury approved means of paying the USPS.

* D. Payments made to service providers other than USPS must be made by U.S. Treasury payment methods such as automated clearing house electronic funds transfer or another Treasury approved means of paying the vendor.

160302. Payment to Service Providers

Metered or permit mail must be made using Electronic Funds Transfer (EFT) transactions to commercial banks designated by the USPS as their financial agents. Payments for postage may not be held in postal vendor accounts unless the DoD Component has statutory authority to do so, or it has received prior written approval from Treasury.

1604 INSTALLATION OFFICIAL MAIL MANAGERS (OMM)

*160401. Official Mail Manager Appointment

The DoDI 4525.08 prescribes policy for installations, units, staff elements, and the DoD Components to appoint OMMs. Such appointment must be in writing, and the function is inherently governmental. OMM appointments are reserved for commissioned, warrant, or noncommissioned officers (E-6 or higher) or DoD civilians (GS-6 or higher). This requirement may be granted a waiver when the activity concerned has no personnel in the grades specified. Since the OMM function is an inherently governmental function, it shall not be contracted out.

*160402. OMM Responsibilities

Each installation has an OMM who is responsible for planning and coordinating outgoing postal and delivery purchases. The OMM must work closely with facility personnel to minimize postage requirements and with managers to ensure that the person who makes the decision to send any significant number of pieces of mail is the same person who controls the funds for postage. OMMs are responsible for interpreting and carrying out the Private Express Statutes (*USPS Publication 542*) within their organization; the acquisition, use or disposition of supplies and property; budgeting for and the expenditure of appropriated funds for postage and fees; providing oversight for the monthly reconciliation of trust and debit accounts, and reporting requirements (GSA Federal Management Regulation (FMR), *Subchapter G, 102-192*).

*160403. DoD OMM Reporting

The DoD OMM must provide an annual Mail Management Report to General Services Administration (GSA) when the Agency's collective total payments for mail service expenditures exceed \$1 million per fiscal year (*GSA Federal Management Regulation 102-192.85*).

1605 CENTRALIZED TRUST AND DEBIT ACCOUNTS

*160501. CAPS and Centralized Trust Accounts

DoD Components can establish a centralized trust account with the USPS by enrolling in the Centralized Account Processing System (CAPS) prescribed by DoD 4525.8-M. The CAPS is an electronic postage payment system designed to make payment for all classes of mail easier and more cost effective. The CAPS provides electronic alternatives to making manual transactions and will enable the OMM to charge postal services at multiple locations eliminating the need for trust accounts at numerous post office locations. Electronic reports are available to CAPS users that provide the capability to consolidate reports by types of mailing transactions, by account and defined date ranges. Reports are available in printed form and are import compatible with most electronic reporting systems. Commercial pre-paid postage procurement options are:

* A. Centralized trust account. DoD Components deposit funds electronically via standard Automated Clearing House (ACH) banking mechanisms or Fed Wire to the CAPS bank prior to mailing. The CAPS account is then reduced automatically as local offices process postage statements.

* B. Centralized debit account. DoD Components designate a debit-enabled bank account for postage charges. The bank debits the account for the total day's postage on the next bank business day.

* C. Government Purchase Card. The GSA Smart Pay credit card may be used for all transactions for which the USPS accepts the card. Use the CAPS or CMRS trust account instead of a GSA Smart Pay card when there is a choice.

* D. Advance Deposit Trust Accounts (ADTA). Advance deposit trust accounts at local post offices may be used when one of the preceding methods are not available. The use of advance deposit trust accounts is not authorized at military post offices.

*160502. Availability of CAPS Accounts

The use of CAPS accounts is a local decision. CAPS accounts are not available at overseas military post offices. CAPS accounts are established to include customer meter advance deposits, business reply mail advance deposits, and permit imprint advance deposits. A payment into a centralized trust or debit account is an advance deposit payment to the post office. The OMM must monitor and reconcile the established centralized trust or debit account to ensure receipt of services that were paid for in advance. If the OMM establishes one or more centralized trust or debit accounts, then the OMM maintains a record of all transactions in each account and is responsible for each account balance. The OMM or the Official Mail Center Manager (OMCM) must reconcile the balance in all trust accounts monthly as required by DoD 4525.8-M.

*160503. Centralized Trust and Debit Account Payment Process

A. The OMM must request funds to set up or replenish each centralized trust or debit account by preparing and submitting an SF 1034. The OMM must ensure funds are available and approved by the designated approving official and a properly appointed certifying officer.

B. The OMM charges postal services against a trust or a debit account as required. Each time there is a charge to a centralized trust account or debit account, the USPS issues a receipt. The OMM verifies services received on the postal receipt and reduces the advance based on the amount shown on the receipts. The OMM must identify receipts to each trust or debit account.

C. One SF 1034 can establish or replenish more than one trust or debit account. The SF 1034 must identify the amount being deposited into each particular centralized trust account or debit account. Once the designated finance and accounting office makes a deposit into an account, the OMM has limited authority from the USPS to transfer funds between trust or debit accounts. If a transfer between accounts is necessary, then the OMM must coordinate the transaction with the designated finance and accounting office and the USPS. The designated finance and accounting office must use an Optional Form (OF) 1017-G, Journal Voucher, or equivalent to record the transfer between accounts.

* D. The OMM must reconcile the trust accounts monthly with the USPS transactional documentation. The designated finance and accounting office confirms the balance in each centralized trust account or debit account monthly with the OMM. The OMM must provide documentation to support any unexplained difference and report those findings to the Comptroller of the designated finance and accounting office. Any unresolved discrepancy must receive a joint review by the OMM and the designated finance and accounting office. Service specific, or locally developed, automated or manual worksheets must be used to assist with the reconciliation process and to provide a greater tracking capability of postal expenditures. All Official Mail and Distribution Centers (OMDC) must maintain this information. OMDCs must use worksheets to reconcile trust account purchases and balances with the USPS and the designated finance and accounting office. The OMM must submit a written letter to the USPS to correct account errors.

E. Advance payments for any centralized trust account or debit account are limited to the postal requirements of the current quarter. The designated finance and accounting office and the OMM must review balances versus the postal requirements on a monthly basis. When required, the OMM must adjust the balances by allowing the trust account or debit account to decrease with the subsequent use or by the OMM submitting a request (SF 1034) to designated finance and accounting office to deposit more funds to support the quarterly postal requirements.

* F. There are cases where the USPS refunds cash for unused services in a trust or debit account. The OMM mail manager must provide a written request to the USPS to process the refund to the appropriate DoD Component account via IPAC or EFT. If the USPS cannot send the refund via IPAC or EFT, then the OMM must request a reimbursement by check from the USPS using a Postal Service (PS) Form 3533, Application for Refund of Fees, Products and

Withdrawal of Customer Accounts, Modified with Barcode. The OMM will submit the USPS check to the designated disbursing office with a Defense Department (DD) Form 1131, Cash Collection Voucher, for deposit as a collection.

1606 POSTAL METERS

*160601. Computerized Meter Resetting System (CMRS) Agreements

DoD customers must enter into an agreement with the USPS (e.g., via electronic click-through or contract signature) in conjunction with executing a separate agreement with the provider for rental, lease, or use of a postage evidencing system as prescribed by the Domestic Mail Manual, Part 604.4.2, Postage Payment Methods.

160602. Commercial Meter Settings

In accordance with 39 CFR 501.15, the USPS accepts payment through Automated Clearinghouse (ACH) Transfers, EFT and check for resetting postal meters. For overseas check payments, the mail manager requests an EFT payment by submitting an SF 1034 with appropriate supporting documentation. The designated payment office must make EFT payable to the USPS licensed vendor. The designated disbursing office releases the funds to the USPS Accounting Service Center and upon validation and verification; the USPS forwards the funds to the licensed vendor. Upon receipt of the funds by the USPS Accounting Service Center, the postage meter vendor will reset the metering account over an analog line or internet secure line. For CONUS payments, as stated in paragraph 160403, EFT is the method of payment. For guidelines on preparing the SF 1034 for payment and additional information on postal meters, refer to DoD 4525.8-M, Chapter 2, sections C2.7 and C2.11.

*160603. Refunds for Spoiled Meter Tapes

The OMM may receive refunds from the USPS for spoiled meter tapes or other types of unused services previously paid. The Postal Service will issue a refund in the amount remaining in a customer's computerized meter resetting system account, after the customer provides a written request to the provider. The refund request must meet the Postal Service approved minimum amount and time frame (39 CFR 501.15). Subparagraph 160503.F contains the guidelines for requesting refunds. The DoD 4525.8-M, Chapter 2, section C2.11 provides additional information about refunds.

*160604. Remote Meters

DoD Components can reset postal meters using a remote method. Title 39 CFR 501.15 provides the legal authority for using the CMRS and contains details about this payment process. The CMRS customer is permitted to make deposits in one of three ways: EFT, ACH transfer, or check. These deposits must be remitted to the Postal Service's designated bank account.

1607 MISCELLANEOUS PAYMENTS

***160701.** Official Business Envelopes

The Defense Logistics Agency (DLA) Document Services serves as the DoD single manager for printing services ([DoDI 5330.03](#)). All DoD Components must procure official business envelopes from DLA Document Services (www.dso.documentservices.dla.mil).

***160702.** Postage Stamps

All DoD activities shall use only prepaid postage (DoD 4525.8-M). In instances where the environment will not support the electronic processes, the OMM that purchase postage stamps for official use from the local post office may use a government purchase card. All working postal accounts advanced by the USPS must be audited at least once monthly as required by DoD standards outlined in Chapter C12 of the [DoD 4525.6-M](#) and the USPS-DoD Agreement ([Publication 38](#)). The USPS Publication 38 is the governing directive serving as the postal agreement between the USPS and DoD outlining their responsibilities. Responsible commanders or their designated representatives, postal officers, and Military Post Office (MPO) supervisors shall conduct these audits as prescribed by DoD 4525.6-M.

***160703.** Business Reply Mail (BRM)

A. Specially printed postcards, envelopes, cartons, and labels may be mailed without postage prepayment. Postage and fees are collected when the mail is delivered back to the original sender. This domestic service enables authorized mailers to receive First-Class Mail, without prepaid postage, from customers by paying the postage and a fee upon return receipt of the mail pieces. The OMM obtains a new commercial BRM permit by submitting [PS Form 3615](#), Mailing Permit Application and Customer Profile, to the local post office. The OMM uses a copy of the completed PS Form 3615 to support the SF 1034. Attach a postal receipt certified by the OMM to the SF 1034. For information on BRM see [Domestic Mail Manual, Section 505](#) and the DoD 4525.8-M, Chapter 1, section C1.11.3.

B. A permit holder may choose to pay an annual account maintenance fee and establish an advance deposit account, which qualifies returned BRM pieces for the high-volume per piece charge. The account maintenance fee must be paid once each 12-month period at each Post Office where a permit holder holds an advance deposit account and only during the last 60 days of the current 12-month period. Refer to the Domestic Mail Manual, Section 505.1.6 for the conditions in which an advance deposit account can be used.

***160704.** Postage Due Costs

A. Under normal circumstances, postage due mail is not accepted by DoD mail rooms. Postage due mail is returned to the sender at the sender's expense.

B. An exceptional circumstance is when DoD Components are engaged in a hostile environment or operating under arduous conditions. Those units can send official matter

through the USPS when postage is not available. The addressee will not refuse the postage due penalty mail [received from](#) military units engaged in hostile operations, and is obligated to pay the cost of postage. Refer to DoD 4525.8-M, Chapter 2, section C2.14 for additional details on penalty due postage.

* C. Government agencies using penalty mail must pay postage due through an OMAS postage due account. Government agencies may no longer use penalty meter strips or penalty mail stamps to pay postage due ([Domestic Mail Manual, Section 604.6.3](#)).

160705. Address Correction Costs

In accordance with the DoD 4525.8-M, Chapter 2, Figure C2.F1, address correction costs is an ancillary service and [must](#) be paid by EFT. Supporting documentation must accompany each payment request for processing.

160706. Express Mail

Payment for express mail is made with stamps, metered postage, or through an express mail corporate account. This account is similar to a [trust account officially authorized by the OMM](#). Payments into an express mail account are advances to the USPS, and these deposits are controlled similarly to [trust account](#) payments; see section 1606. The OMM submits [PS Form 5639](#), Express Mail Corporate Account Application and Payment Authorization Form, to establish the account. The USPS provides the OMM with a statement each month. The OMM [must](#) reconcile this account with the USPS at least once a month. The [designated finance and accounting](#) office confirms the balance in the account with the OMM monthly.

1608 SMALL PACKAGE DELIVERY COSTS

160801. Commercial Service

DoD Components may elect to use commercial bills of lading or commercial procedures and payment practices to the maximum extent possible ([41 CFR 102-118.115](#)), rather than Government Bills of Lading, to procure express transportation services for small package shipments [weighing up to](#) 150 pounds.

160802. Terms and Conditions

Commercial shipments are subject to the terms and conditions set forth in [41 CFR 102-118](#), and any other applicable contract or agreement of the carrier for the transportation of shipments for the United States. Freight loss and damage claims against commercial carriers using these procedures are processed according to 41 CFR 102-118.450 through 41 CFR 102-118.540.

*160803. Method of Payment

The approved method for billing and payment of commercial small package express shipments [is the authorized](#) electronic [processes](#) used by DoD for transportation. In instances

where the environment will not support the electronic processes or business reasons preclude the use of these processes, a waiver may be requested from the Office of the Deputy Assistant Secretary of Defense for Logistics and Material Readiness (Transportation Policy) [in accordance with Defense Transportation Regulation, Part II, Chapter 212](#). Waiver requests must contain detailed justification as to why electronic means cannot be used, and a proposed future date when the electronic requirement will be met.