

VOLUME 5, CHAPTER 24: “ELECTRONIC COMMERCE”**SUMMARY OF MAJOR CHANGES**

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

Substantive revisions are denoted by an * 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 June 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Table of Contents	Updated format of Table of Contents.	Update
240303.A	Updated reference to Trading Partner Agreements (TPAs).	Update
240305.D.3	Removed reference to prohibited use of suspense account F3875 in Intragovernmental Payment and Collection (IPAC) system. Treasury Financial Manual Bulletin No. 2007-07 has been rescinded.	Delete
240306.A	Added new paragraph on acceptable reasons for adjustment of IPAC transactions.	Add
240603	Created new paragraph title, “Collections Services,” and renumbered subparagraphs, and also renumbered paragraph 240603 to 240604 for clarity.	Update
2407	Removed reference to the Treasury General Account Deposit Reporting Network (TGAnet). System has been decommissioned.	Delete
2408-2411	Renumbered sections due to removal of 2407.	Update
240801	Added new paragraph for clarification on separation of cash and checks for deposits using the Over the Counter Channel Application (OTCnet).	Add
240802	Added new paragraph on required information in Block 6 of the SF 215 Deposit Ticket.	Add
240803	Added new paragraph on scanned check handling.	Add
Figure 24-4	Updated reference.	Update

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CHAPTER 24

ELECTRONIC COMMERCE

2401 GENERAL

240101. Purpose

Government entities disburse funds to and collect funds from individuals, businesses, and other government entities via cash, checks, and a variety of electronic mechanisms. This chapter provides information and guidance on several electronic disbursement and collection mechanisms that are Department of Treasury (Treasury) programs and services.

240102. Electronic Funds Transfer (EFT)

EFT is mandatory within the Department of Defense (DoD). EFT utilizes the Federal Reserve Bank (FRB) and its computer network to deposit funds into the checking or savings account of an individual or business. For guidance on mandatory use of EFT, see Volume 7B, Chapter 19 (Retired Pay); Volume 8, Chapter 1 (Civilian Pay); and Volume 9, Chapter 2 and Chapter 8 (Travel Pay) of this Regulation.

240103. Electronic File Transmission

Payment or payroll files shall be transmitted to the FRB by electronic file transmission.

240104. Contractor Pay Applicability

Refer to Volume 10 of this Regulation.

240105. Official Authorization List (OAL) for the Federal Reserve Bank

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 paragraph 240105.B of this chapter.

B. OAL Change Process. To make changes to the OAL, Disbursing Offices shall complete the form at Figure 24-1. For instructions to complete the OAL form, see Figure 24-2. When making changes to the OAL, each DO shall validate the individuals currently authorized to transact business with the FRB and complete and sign the Agency Authorization Letter at Figure 24-3. The Disbursing Office shall forward the notarized OAL form and the Agency Authorization Letter to Disbursing Station Symbol Number (DSSN) Management at: DSSN Management Section, Disbursing Policy/Treasury Initiatives, Strategy, Policy, and Requirements Directorate (DFAS-ZPF/IN), 8899 East 56th Street, Indianapolis, IN 46249-0500. DSSN Management will match the DO's and Deputy Disbursing Officer's (DDO) names with those in the DoD DSSN database. The Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) shall give final approval before forwarding the package to the FRB.

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

2402 CARD ACQUIRING SERVICE

240201. Overview

The Card Acquiring Service is a government-wide network that allows federal agencies to [receive credit and some debit card payments](#) (i.e., VISA, MasterCard, American Express, and Discover credit cards, and some debit cards) due to the Federal Government. Plastic cards can be used to collect payments from the general public and from Government entities for a variety of reasons, including, but not limited to: sales of material, services, fees, fines, debts, customs duties, and taxes. Treasury's Financial Management Service (FMS) designated one financial agent to process plastic card collections and to provide uniform nationwide credit and debit card services for federal agencies. Credit and debit cards may be used for collections received over-the-counter, by mail, by phone, or over the Internet. Information pertaining to the Card Acquiring Service can be found at the [FMS's Card Acquiring Service website](#).

240202. Card Processing Rules and Regulations

Activities participating in the Card Acquiring Service will use the "FMS Card Processing Rules and Regulations" as a guide when processing credit and debit card transactions. Activities must complete and submit the Agency Participation Agreement (APA) to FMS for approval, in order to establish a processing relationship. The rules and regulations and APA form for the Card Acquiring Service can be found at the FMS's Card Acquiring Service, [Forms and Operating Rules and Regulations web page](#).

240203. 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.

240204. Reports and Reconciliation

Based on the report requirements established in the participation agreement with the network bank, reports of the merchant's plastic 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 shall be used to reconcile any differences which may occur between the report and entries into the accounting system. The report shall also be reconciled with the Cash Collection Voucher ([Department of Defense \(DD\) Form](#)

1131), submitted to the DO or DDO, and Standard Form (SF) 215 information posted in the Transaction Reporting System (TRS) and/or CASHLINK II.

240205. Internal Controls

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

2403 INTRA-GOVERNMENTAL PAYMENT AND COLLECTION (IPAC) SYSTEM

240301. 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 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.

240302. 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 intragovernmental 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.

*240303. Originating the IPAC Transactions

A. Trading Partner Agreement. Per [Treasury Financial Manual \(TFM\) Volume I, Part 2, Section 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 that 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 24-4.

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 is 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, then 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 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, [SF 1080](#) (Voucher for Transfers Between Appropriations and/or Funds) or [SF 1034](#) (Public Voucher for Purchases and Services Other than Personal) shall be prepared for each bill or payment entered in the system and processed through the DO in the same manner as other vouchers except that no check or cash payment is sent or received.

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 for each transaction are:

1. Payment and Collection Transactions
 - a. ALC Contact
 - b. Contact Telephone Number
 - c. Contact E-mail Address
 - d. Originating ALC
 - e. Customer ALC
 - f. Invoice Number
 - g. Pay Flag
 - h. Quantity
 - i. Unit Price
 - j. Unit of Issue
 - k. Detail Amount
 - l. Obligating Document Number
 - m. Purchase Order Number
 - n. Receiver Department Code

- o. Sender Treasury Account Symbol (TAS)
 - p. Sender Business Event Type Code (BETC)
 - q. Sender U.S. Standard General Ledger Account Information
 - r. Receiver TAS
 - s. Receiver BETC
2. Adjustment Transactions
- a. ALC Contact
 - b. Contact Telephone Number
 - c. Contact E-mail Address
 - d. Originating ALC
 - e. Customer ALC
 - f. Amount
 - g. Original IPAC Document Reference Number
 - h. Original Disbursing Office Symbol
 - i. Sender TAS
 - j. Sender BETC
 - k. Sender U.S. Standard General Ledger Account Information
 - l. Receiver TAS
 - m. Receiver BETC
 - n. Original Accomplished Date
3. Zero Dollar Transactions
- a. ALC Contact
 - b. Contact Telephone Number
 - c. Contact E-mail Address

d. Originating ALC

In addition to the Treasury required information, 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.

240304. 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.

240305. Recording IPAC Transactions

A. Standard Form 1219 (Statement of Accountability). 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 19 of this volume 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).

B. Reconciliation. An ALC can print out their 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 19 of this volume 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, then an FMS Form 6652 (Statement of Differences, Disbursing Office Transaction) 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 Intragovernmental 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.

***240306. 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, then the adjustment should be made at that time. However, the receiving agency is limited to 90 days 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 charged to liquidate the reimbursement has cancelled or closed;
4. Transaction exceeds authorized funding;
5. Duplicate transaction; and
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), then 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, then 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 telephone. When agreement is reached, a second IPAC transaction will be prepared for the proper amount.

240307. Basic Criteria to Access the IPAC System

In order for billing and customer agencies to use the IPAC system, the following are 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.

240308. Restrictions

The Treasury reserves the right to (a) make any adjustments centrally in 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 10, 11, and 22, of [this volume](#) and Volume 4, Chapter 3 of this Regulation.

2404 LOCKBOX COLLECTIONS

240401. Overview

A lockbox is a collection and processing service provided by a financial institution (typically a bank) that accelerates the flow of funds to the Treasury General Account (TGA) at the FRB New York (FRBNY). FMS 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. FMS has exclusive authority to contract for lockbox services with selected banks and the participating DoD activities. Activities are prohibited from entering into new contractual

agreements, modifications of existing contracts, or renewal of existing contracts without the prior approval of FMS. 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. Treasury is currently in the process of converting lockboxes to other mechanisms (e.g., Credit Gateway).

A. Retail Lockbox. A retail lockbox uses optical character recognition, machine-readable coupon-type payment documents for automated processing. This type of lockbox is best suited for low dollar, high annual item volume payments. High speed equipment captures specific information from the invoice and the check and stores it in electronic form on tapes or disks. The accounting information can be captured and passed via computer-to-computer link from the lockbox bank to the participating activity.

B. Wholesale Lockbox. A wholesale lockbox involves the manual processing of traditional invoice documents and is best suited for high dollar, low annual item volume payments. Once received at the lockbox site, these payment documents are processed using key entry to capture accounting information. The accounting information can be transmitted via computer-to-computer link or in hard copy from the designated financial agent in the lockbox network to the agency.

C. Electronic Lockbox. An electronic lockbox is either a wholesale or retail lockbox that processes transactions electronically. The remitter can provide payments through Automated Clearing House (ACH), by wire transfer, or with paper checks. Electronic lockboxes collect and deposit all three. The accounting information can be captured and transmitted via computer-to-computer link, magnetic tape, or in hard copy from the lockbox bank to the activity.

240402. The Lockbox Collection Process

The designated financial agent, acting as the lockbox bank, will assign a unique post office box number to the billing activity of the agency, to facilitate receipt and processing of collections. The billing activity shall advise remitters to mail payments and associated remittance documentation directly to the assigned post office box number. The designated financial agent picks up the mail several times a day from the post office box. Lockbox bank personnel open the mail and process it according to the agency's instructions. Check remittances are cleared through the banking channels in accelerated batches. A record of the payment is forwarded to the agency. Agencies have the option of receiving a copy of the payment checks and/or invoice. The designated financial agent forwards correspondence received with the payment to the agency. Each day, the designated financial agent enters, verifies, and reports total deposit information into the CASHLINK II system via personal computer, mainframe, or touch-tone telephone. The designated financial agent reports the deposit data to the Treasury and the agency via CASHLINK II. On the following business day, the bank transfers the funds by wire or ACH to FRBNY with credit to the DO's DSSN designated in the Memorandum of Understanding (MOU). The bank will issue an SF 215 (Deposit Ticket) for the daily deposit.

A. Billing Activity Documentation. The bank will forward, via mail, the agency and/or memorandum copy of the SF 215, an Advice of Deposit, and all supporting remittance documentation received in the lockbox to the billing activity. Upon receipt of the deposit documentation, the billing activity shall reconcile the remittance documentation against the dollar amount indicated on the accompanying SF 215 and Advice of Deposit. Within 5-workdays of receipt of the documentation, the billing activity shall prepare an SF 1080 for the SF 215 and forward it to the DO designated on the SF 215. The SF 1080 shall furnish complete collection information and accounting data, as appropriate (receiving activity, date of receipt, remitter, purpose of remittance, the complete accounting citation(s) to which the collection is to be credited, the contract number(s), contract line item number(s), sub-line item number(s), and accounting classification reference number(s) for each remittance included in the SF 215 total).

B. Disbursing Office Documentation. The confirmed copy of the SF 215 and an Advice of Deposit will be forwarded via First Class mail to the disbursing office. The DO shall prepare a DD Form 1131 crediting the lockbox deposit to **F3875, Budget Clearing Account (suspense), pending receipt of an SF 1080 from the billing activity citing the appropriation(s) to be credited. The DD Form 1131 and SF 215 shall be reported on the DD Form 2657 as a Reimbursement (line 4.1E) and a Deposit (line 4.2A). Once the disbursing office receives the completed SF 1080 from the billing activity, the disbursing office shall charge **F3875, Budget Clearing Account (suspense), assign the voucher number, and process the voucher as a disbursement and a collection. The SF 1080 shall be recorded on the DD Form 2657 as a Gross Disbursement (line 4.1A) and a Reimbursement (line 4.1E).

C. Lockbox Debits. The bank will issue an SF 5515 (Debit Voucher) to the DO to process a decrease resulting from duplication of a deposit, dishonored checks, or adjustments to deposits erroneously credited. The bank will forward dishonored checks with the SF 5515 for processing.

240403. Electronic Lockbox Process For ACH Credit Transactions

A. The federal agency advises the consumer or corporation of the obligation due the Government and provides the consumer or corporation with the appropriate information to include in the transaction.

B. The consumer or corporation provides the detailed payment instructions to its financial institution to authorize the ACH credit transaction to the designated financial agent in the FMS network.

C. The designated financial agent deposits the funds for credit to the Treasury's account at the FRBNY.

D. The designated financial agent forwards the deposit data to the Treasury and the agency via CA\$HLINK II.

240404. 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 Defense Finance and Accounting Service (DFAS) site to implement a lockbox operation.

240405. Lockbox Implementation

Generally, a lockbox application is identified through cash management reviews and audits. DoD activities desiring to use lockbox services should contact FMS through the supporting DFAS site, and provide an updated cash flow review consisting of current collection practices and deposit information. FMS 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 FMS will then select a network bank for the activity to implement lockbox services. Activities utilizing lockbox collection services (billing activity) shall enter into an MOU with FMS and the lockbox bank designated by FMS. The MOU will incorporate the terms and specifications for the lockbox services to be provided to each billing activity that will provide the necessary information pertinent to internal controls and the Treasury's financial regulations and reports. Recommendations will be made for an alternative collection mechanism when a lockbox application is not viable.

240406. Scanned Documents and Digital Imaging

Imaging is the creation of digitized images of remittance documents that can be displayed, enlarged, tagged, annotated, routed, duplicated, stored, and indexed. The financial agents in FMS lockbox network can provide federal agencies with images of checks, envelopes, invoices, remittance advices and correspondence.

2405 CREDIT GATEWAY

240501. Overview

The Credit Gateway is a collection program for Fedwire and ACH credit transactions. It replaces the Fedwire Deposit System program and the Remittance Express program. In the future, electronic lockboxes (ACH credits) will convert to Credit Gateway as well. For more information about Credit Gateway, see FMS's [Credit Gateway website](#).

240502. Implementation

Activities who want to use the Credit Gateway must complete the new account setup form and email it to FMS. FMS 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 FMS's [Credit Gateway: Getting Started web page](#).

240503. 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 and the agency via the TRS. TRS reports this information to CA\$HLINK II (until it is decommissioned), and the information is available in CA\$HLINK II after the close of business. The transaction information includes both detailed payment information and summary SF 215 information. Both systems will allow the activity to download the information.

1. Fedwire Reporting. TRS will report deposit information for Fedwires in near real-time. CA\$HLINK II summary and detail deposit information will not be available until after the close of business.

2. ACH Credit Reporting. TRS will report future-dated and settled ACH credit entries. CA\$HLINK II summary and detailed deposit information will be available on the morning of the settlement date, but future-dated ACH credit information will not be available.

2406 PAY.GOV

240601. Overview

[Pay.gov](#) was developed by FMS 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.

240602. Services

The Pay.gov application is comprised of 4 services:

- A. Billing/Notification,
- B. Forms,
- C. Reporting, and

D. Collections.

***240603. Collections Service**

The Pay.gov collections service has plastic card transaction and ACH debit transaction processing options. Activities who want to accept plastic cards through Pay.gov must apply for an Internet merchant account with the FMS Card Acquiring Service. 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 plastic 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.

240604. Implementation

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

2407 PAPER CHECK CONVERSION OVER THE COUNTER (PCC OTC)**240701. Overview**

PCC OTC is a Treasury application used to convert U.S. negotiable instruments (such as personal checks, money orders, and Treasury checks) other than cash into EFTs. The checks can be processed when received over the counter at the point-of-sale or through the mail. The checks are scanned via a check imager terminal. Once the check is imaged, the agency may enter information into agency-specific configurable fields (e.g., amount of transaction, Social Security number, address). The images and data are transmitted to the PCC OTC application. PCC OTC supplies the check information and images to the collection application, which will either convert the check to an ACH debit or truncate it under Check 21. If the check is truncated under Check 21, the check will be presented via an image cash letter or as a substitute check depending on the agency specific processing setup. Activities considering use of PCC OTC are directed to FMS's [PCC OTC website](#) or [PCCOTC.gov](#) for more information.

240702. Procedures

FMS has created a set of Standard Operating Procedures (SOP) that should be followed whenever using the PCC OTC application. This SOP outlines the day to day operations involved in processing transactions through PCC OTC. The SOP can be found at the [PCC OTC Standard Operating Procedures web page](#).

240703. Processing

All PCC OTC items are processed through the FRB of Cleveland. Unlike with manual SF 215s, U.S. Treasury checks do not need to be processed on a separate SF 215 from other negotiable instruments. Guidance on manual SF 215s is contained in Chapter 5 of this volume. PCC OTC allows for batch processing of U.S. Treasury checks, personal checks, and other authorized negotiable instruments. All items processed in the same day are reflected in the “215 Deposit Ticket Report” (e.g., U.S. Treasury and personal checks). For a listing of authorized negotiable instruments, see the PCC OTC SOP.

240704. Forms

There is a User Access Request Form that must be filled out before access will be granted to the PCC OTC application. In addition to the User Access Request form, there is a PCC OTC Security Contact Authorization form. The purpose of the PCC OTC Security Contact Authorization Form is to designate PCC OTC Security Contacts. These contacts are authorized to request access be granted to PCC OTC for another individual. The request must be approved by a third party in a managerial position, and a person cannot authorize him/herself. These forms, as well as instructions, are available at the [PCC OTC Security Forms web page](#).

240705. Policy

In order to ensure the separation of duties, the individual scanning checks into PCC OTC cannot also be the individual responsible for releasing the batch for processing. The individual responsible for releasing the batch must review all items presented for deposit before submitting the batch. The review shall include at a minimum the verification that:

- A. The written amount of the item matches the amount entered by the individual that scanned the item;
- B. A clear image of the item scanned is present; and
- C. Any discrepancies found during the review are corrected.

2408 OVER THE COUNTER CHANNEL APPLICATION (OTCnet)

OTCnet integrates the functionality of the PCC OTC and [Treasury General Account Deposit Reporting Network \(TGAnet\)](#) systems into a single Web-based application for making cash and check deposits. It allows the user to perform the end-to-end process over the

Internet, using software provided through the browser. However, there are “off-line” check capture capabilities for activities operating in locations with intermittent or unavailable bandwidth and communication. Those activities using PCC OTC will continue use of PCC OTC until conversion to OTCnet Check Capture. Deposits made to a local Treasury General Account, will be done using OTCnet Deposit Reporting. After conversion, all transactions must be processed through OTCnet. For more information about OTCnet, see FMS’s [OTCnet website](#).

*240801. Deposit of Cash and Checks

[TFM Bulletin No. 2005-04](#) states that depositaries using TGAnet, which has been replaced by OTCnet, are not subject to procedures regarding the processing of SF 215s or SF 5515s contained in [TFM Volume V, Part 1, Chapter 2000](#): Deposits for Credit to Treasury’s General Account. This includes the requirement of separating cash and check deposits into different transactions. So, when using the OTCnet Deposit Reporting function, the depositing agency may combine cash and checks into one deposit. However, U.S. Treasury checks must still be on a separate deposit to be forwarded to FRB Cleveland.

*240802. Required Information in Block 6

At a minimum, Block 6 of the OTCnet deposit ticket (i.e., SF 215), must identify the depositing entity’s name, location, and who prepared the deposit and their phone number. The extent of additional information required in Block 6 is at the discretion of the Disbursing Officer.

*240803. Handling of Scanned Checks

After scanning checks in OTCnet, you must retain the scanned checks in an approved secured manner, see Chapter 3 of this volume, for a period of time not to exceed 14 calendar days, and then they must be destroyed. This allows for verification in OTCnet as well as applicable reporting systems, that the checks have been processed.

2409 INTERNATIONAL TREASURY SERVICES (ITS.GOV)

[ITS.gov](#) is the Treasury’s comprehensive international payment and collection system and 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 FMS is required. Activities interested in using ITS.gov should contact FMS. Contact information is available at FMS’s [ITS.gov website](#). See Chapter 12 of this volume for guidance on foreign-currency payments.

2410 TRANSACTION REPORTING SYSTEM (TRS)

TRS is an on-line centralized repository of detailed deposit and collection transaction data that has been collected from all of Treasury’s collection systems and settlement mechanisms into a single system. TRS 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. TRS will replace CA\$HLINK II for deposit and collection recording. Currently, TRS does not contain all the functionality of CA\$HLINK II. CA\$HLINK II will remain available for use until all functionality is integrated. For more information on TRS, see FMS's [*TRS website*](#).

Figure 24-1. Official Authorization List Form

OFFICIAL AUTHORIZATION LIST (Government Organizations)

(1/10/05)

Federal Government
Routing Transit No. (RTN) _____
Page _____ of _____

This supersedes our previous
Official Authorization List:
(Circle:) YES or NO

If neither is circled, previous list will also remain in effect

Form with fields: Name of Organization, Effective Date, Street Address, Telephone

To the Federal Reserve Banks: Below are the names, titles, and signatures of the individuals authorized to execute contracts and transact business with you and to issue instructions on behalf of the Organization identified above.

Name and Title (printed): Telephone No. and E-Mail Address: Signature: Limitations to Authority:
(leave blank if no limitations)

Table with 4 columns: Name and Title, Telephone No. and E-Mail Address, Signature, Limitations to Authority

Authorizing Official (must be authorized by an authorization letter submitted to the Federal Reserve Banks by the Organization to contractually bind the Organization and to provide a list of other Organization officials who are authorized to execute contracts and transact business with the Federal Reserve Banks and to issue instructions on behalf of the Organization):

Form for Authorizing Official signature and Notary Public information

Figure 24-2. Instructions for Completing the Official Authorization List (Government Organizations)

**Instructions for Completing the Official Authorization List
(Government Organizations)**

The following provides information for completing the *Official Authorization List (Government Organization)* form:

- Provide the Federal Government Routing Transit No. (RTN) (nine-digit number sometimes referred to as an “ABA”) that has been issued to your organization for purposes of accessing Federal Reserve Bank Services. Also, provide the official name, complete street address and telephone number of your organization.
- Provide the date on which the *Official Authorization List* becomes effective.
- Indicate whether the list supersedes or adds to a previously submitted *Official Authorization List* by circling the “Yes” or “No”, as applicable, at the top right-hand corner of the form. (If nothing is indicated, then the previous *Official Authorization List* will also remain in effect).
- The *Official Authorization List* form contains space for listing six individuals. If your organization needs to identify additional authorized individuals, please submit additional form pages. In every case, indicate the page number of each form page and the total number of pages being submitted as a single list (i.e. “Page 1 of 1” or “Page 2 of 4”).
- Print the name and title of each authorized individual. Provide a signature specimen for each individual listed.
- Unless expressly limited in the “Limitations of Authority” box provided on the form, the individuals identified on the *Official Authorization List* will be able to transact business and provide instructions to the Reserve Banks with respect to all Reserve Bank services accessible by your organization. It is not necessary to list all of the individuals who will be contacting or dealing with the Reserve Banks on the *Official Authorization List*. What is important is that you identify at least one or two individuals who are authorized by the *Official Authorization List* to transact business for each of the services that your organization accesses. Many of our services require authorization lists specific to that service (for example, off-line funds transfer authorization lists or the End User Authorization Contact form). These specialized authorization lists can only be submitted by an individual who is authorized on this *Official Authorization List*.
- In the “Limitations to Authority” section, specify whether the individual’s authority to transact business with and issue instructions to the Federal Reserve Banks is limited to a particular service(s) (for example, “check and ACH services only”). Authority to designate others on any specialized authorization list (see the bullet point above) will also be limited to that particular service. ***Additionally, authority to use electronic access for the particular service(s) listed will be included.*** (For example, an Individual limited to “check and ACH services only” will be authorized to access such services through FedLine® access channels). Please note, other limitations such as dollar amount will not be accepted. If there are no service limitations, please leave the box blank.
- The *Official Authorization List* must be signed by an “Authorizing Official” of your organization. The “Authorizing Official” is an official of your organization who has been identified in an authorization letter submitted to the Federal Reserve Banks as having the authority to execute contracts and provide a list of other officials of your organization who are authorized to execute contracts and transact business with the Federal Reserve Banks (the approved form for this authorization letter will be provided to your organization upon request and the letter must be submitted on the official letterhead of your organization). Please print the Authorizing Official’s name and title, and provide his/her telephone number and e-mail address. The **Authorizing Official’s signature must be notarized.** (For multiple-paged *Official Authorization Lists*, each page must be signed by the Authorizing Official, but only the signature on the first page must be notarized).
- Please return the properly completed and signed *Official Authorization List* to:
East Rutherford Operation Center
100 Orchard Street
East Rutherford NJ 07073
“FedLine” is a registered trademark of the Federal Reserve Banks.

Figure 24-3. Sample Agency Authorization Letter

(Agency Letterhead)

(Date)

To the Federal Reserve Bank of _____:

In order to allow for designated Department of Defense (“Agency”) employees to be able to use certain Federal Reserve Bank services and effect transactions through the Agency’s account, please be advised that the following persons [and each of their successors in office] are each hereby authorized to execute agreements relating to such services and to transmit to the Federal Reserve Banks a list of the names, titles and signatures of Agency employees, including themselves, to be recognized as authorized to transact business and issue related instructions on behalf of the Agency:

[insert names & titles]

Agency employees designated as having authority to issue instructions or otherwise transact business with the Federal Reserve Banks are authorized to view information, issue instructions and engage in transactions on behalf of Agency as necessary or incidental to such business. The Federal Reserve Banks’ Operating Circulars, including where appropriate Operating Circular No. 5 and the Certificate Practice Statement, will govern access by Agency employees to Federal Reserve Bank services except to the extent that such Operating Circulars are inconsistent with any specific fiscal agency delegation or agreement.

This authorization is to remain in effect until I (or my successor in office) notify you in writing of any change, and you have had a reasonable time to act on such notice.

(Agency) DoD signature

By: _____

Name: _____

Title: _____

Figure 24-4. 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 24-4. 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