

**GUIDANCE FOR
ACCOMMODATION CHECKS
IMPAC CONVENIENCE CHECKS
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GENERAL: The purpose of the accommodation checks is to be used for transactions where the IMPAC card cannot be used. The accommodation checks will not be used in lieu of the IMPAC card.

Only one named individual shall be designated as the accommodation check cashier, and have the authority to sign and issue convenience checks. Each accommodation checks account shall be assigned an approving/certifying official.

Merchant Category Classification (MCC) code or Merchant Activity Type (MAT) code cannot block transactions with the accommodation check. The MCC and MAT code blocking is only available on the IMPAC purchase card. All check transactions are given a code that authorizes payment as if the transaction were a cash advance. As long as the check presented to IMPAC Government Services for payment does not exceed the 30-day limit, the single purchase limit, or the billing group's office limit, it will not be blocked from payment.

PROCEDURES:

Requiring activity will submit request for supplies/services to Directorate of contracting (DOC). Acceptable requesting documents include DA3953 Purchase Request and Commitment, DA2702 Bill of Materials, and SF1-34 Public Voucher for Purchases and Services other than Personal.

DOC will issue a check to vendor upon receipt of appropriate documentation (i.e. invoice from vendor and receiving document from activity.)

DOC will return a copy of originating document to the requesting activity. Originating document shall be annotated with check number, check amount and date.

Upon approval/certification of monthly billing statement from U.S. Bank, DOC personnel will forward a copy to

Directorate of Resource Management (DRM) for appropriate cost transfers. A program fee of 1.7% of the face value of each check written will be charged to the requiring activity.

DEFINITIONS:

Stop Payment Fee: A fee assessed a depositor for ordering a bank to refuse to honor a specified check drawn by the depositor against his account.

Insufficient Funds Fee: A fee assessed against a depositor when a check or draft is presented for payment against an account whose balance is not sufficient to cover the amount of the draft or check.

Account Holder: An individual appointed by the accommodation check approving/certifying official to inscribe, sign and issue to checks.

Approving Official/Certifying Official: An individual, one level above the appointed account holder, to insure internal control of the accommodation check account.

Payee: The payee is the person or entity that will be receiving and cashing the check. The payee may be a merchant, store, company, or individual. The payee must always be a person, merchant, or other entity capable of transacting business.

FUNDING:

Convenience check account will follow the basic fund control rules currently in place for the Government purchase card. Accommodation check accounts shall be bulk funded in accordance with "Advance Reservation of Funds" policies delineated by the Under Secretary of Defense (Comptroller) memorandum of March 27, 1997, subject "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures" and a single accounting classification will be provided by the Resource Manager.

Checking accounts must be established as a separate account, checks may not be added as an option to an active IMPAC purchasing account. A single purchase and 30-day

authorization limit will be established for the convenience check account.

The issuing activity of the requirement will be responsible for all administrative costs associated with the use of the accommodation checks.

SYSTEM DESIGN:

The convenience check writing system shall be an integrated part of the CPS products. The checks will be sequentially pre-numbered and with the following standard pre-print (1) The name "United States Government" or the name of the agency as directed by the ordering agency (2) "For Official Use Only" (3) "U.S. Government Tax Exempt" (4) "not valid after 60 days" and (5) "not Valid for Cash". Additionally the check will indicate the appropriate agency component as specified by the agency. The checks will be multiple-copy document with a minimum of at least one copy for the account holder's records, and the original for the vendor.

The check's format shall contain basic information such as a space for payee's name, the date and the amount of the payment, maximum dollar limitation per check.

The bank shall supply the account holder with checks as the agency component directs. The account holder will issue the checks in lieu of cash. The checks will be processed through the banking system and presented to the contractor for payment. The bank shall reference each check as a line item on the account holder's statement.

The following are system controls:

Stop payment capability, which may be verbal, and followed up in writing. If a stop payment must be placed on a check, call IMPAC Customer Service. The Customer Service Representative will review the account to see if the check has already posted. If it has not been posted, the representative will take the stop payment request. A confirmation of the stop payment will be mailed with a request for signature to authorize the stop payment. This confirmation must be signed and returned to IMPAC Customer Services. The stop payment will be in place for six (6) months and a one-time fee will be charged directly to the account holder's account. If a check has been cleared through the banking process it becomes the responsibility

of the Government. The bank must stop payment on a check within one working day of notification. If a stop payment request is made on the same day a check is processed, the check will be considered cleared.

(1) Audit trails which permit tracing of all transactions.

(2) Check copies: Copies of posted checks retained on file with IMPAC Government Services for 3 years and 6 months. If the account holder needs a copy of a check for any reason, contact IMPAC Customer Service. The request will be taken and a copy of the check will be mailed within 14 calendar days. A fee for the check copy will be charge directly to the account holder's account.

The bank is required to implement convenience check writing system as a component of the CPS Purchase Card System that will:

(1) Provide a designated account holder with a supply of checks, which correspond with the account issued to the account holder. The bank will provide checks in booklet form with a minimum of one copy, along with the original.

(2) Process the checks as they are presented for payment within established authorization parameters.

(3) Invoice the account holder. Each check will appear as a separate transaction on the account holder's statement.

(4) Set maximum payment amounts by individual account holder.

SERVICES PROVIDED BY THE BANK:

The bank shall provide services to operate the convenience check writing capability through the CPS product and will:

(1) Provide checks, storage and distribution as needed.

(2) Provide for storage of cleared checks for audit and retrieval purposes for 3 years 6

months after the date of the check.

When retrieval of a check is requested by the agency, the bank must provide a copy to the agency within 14 calendar days after receipt of request. However, if the bank has been notified of a stop payment on a check, and the check has cleared, the bank shall provide a photocopy of the cleared check to the agency with 5 working days.

TERMS OF THE ACCOMMODATION CHECK:

- (1) Not valid after 60 days.
- (2) Not valid for cash.

No good for more than dollar amount shown on the check.

- (3) For official use only.
- (4) U.S Government tax exempt.

CURRENT FEE SUMMARY ASSOCIATED WITH USING CONVENIENCE CHECKS:

Check Copies	\$ 2.00
Non-Sufficient Funds (NSF)	\$15.00
Stop Payment	\$25.00
Program Fee	1.7% of the face value of the check*

(1.7% program fee is charged for each check written. This is 1.5% of the face value of each check will be charged on the account statement.)

BILLING CYCLE:

The billing cycle for the convenience checks will be from the 24th of one month through the 23rd of the next month.

DISPUTE PROCESS:

No dispute process is available with the convenience checks. Any concerns over a purchase made with the checks must be resolved directly with the merchant. The agency will be responsible for any checks that are signed by the account holder and posted to their account. If fraud is

suspected, contact the IMPAC Customer Service to initiate an investigation. Cardholder Statement of Questioned Item (CSQI) forms will not be accepted for check purchases.

CHECK REJECTED FOR PAYMENT:

Checks presented for payment from the account holder's account must pass a verification process before the transaction is posted. The following is a list of some of the reject reasons that could prevent a check from posting:

- NSF - 30-day limit exceeded.
- NSF - Single purchase limit exceeded
- NSF - Office limit exceeded
- Activation - Account is new and was not activated by the account holder.
- Fraud - Account has been coded with a fraud status
- Closed - Account has been coded with a closed account status
- Lost/Stolen - Account has been classified as having lost or stolen checks

Note: Although a check is written, it may not immediately post to the account, reducing the available balance. If a payee holds a check, it may not process during the billing cycle the account holder had anticipated. Account holders need to adjust their individual spending for the following month to ensure all previously written checks can be posted to their accounts and paid. Otherwise, when a check is presented, there may not be enough available funds in the 30-day limit.

ACCOUNT HOLDER (Check Cashier) RESPONSIBILITIES:

The account holder shall be responsible for receiving, storing, issuing, inventory, reconciling, and disposing of check stock.

Check amount shall not exceed \$2500 per check and shall be issued for the exact payment amount with a prohibition of

splitting amounts across more than one check to keep below the \$2500 limit.

Checks may be mailed so long as internal controls are in place to avoid duplicate payments to payees.

The convenience check account holder shall reconcile cleared checks and the account holder statement against retained records of issuance and forward to approving official to certify within 3 calendar days after receipt.

Maintain a Log Sheet for preparation of SF 1099s and forward to IRS as required.

The Account Holder will be held responsible for actual loss insured by the IMPAC Government Services from fraudulent transactions, including, without limitation, fraud as a result of the account holder's failure to properly secure the checks.

Before an account holder writes a check, he or she will verify if sufficient funds are available in the 30-day limit to cover the amount of the check.

Only the account holder is authorized to sign checks. There is no power of attorney or other designation that gives authority for anyone else to sign the checks.

Maintain log of checks written for each 30-day billing cycle to be used for reconciliation and an audit trail.

APPROVING/CERTIFYING OFFICIAL RESPONSIBILITIES :

A billing account statement (BAS) will be received for the convenience check account under his/her jurisdiction.

The approving/certifying official will authorize and certify the issuance of accommodation checks by the cashier.

In order to maintain effective internal controls, the activity approving/certifying official may not perform functions of the cashier.

The approving /certifying official shall be held accountable and peculiar liable for the accuracy of the payments.

The approving/certifying official shall be the designated billing (invoice) official and shall receive and certify payment of the billing statement to the appropriate paying DFAS operating location. Billing Statement will be processed through the Agency Program Coordinator to forward to DFAS Rome operating location.

RECONCILIATION PROCEDURES:

The Bank will send a monthly statement to the individual account holder for review. Additionally, the Bank will send a Billing Statement to the Approving Official that reflects the account status of all the checks processed by the bank for the period. The Approving Official reviews, certifies and signs the Billing Statement and forwards to their Agency Program Coordinator. The supporting program coordinator must receive the certified Billing Statement the 6th calendar day from receipt by the Approving Official. The Billing Statement will be certified for full payment. No dispute process is available.

APPROVED USAGE OF ACCOMMODATION CHECKS:

The accommodation checks may be used for small purchases, when the Contractor/Vendor does not accept the IMPAC Visa Credit Card and:

Supplies or services are available for delivery within 15 days whether at the contractor's place of business or at destination after verification has been made that the IMPAC purchase card will not be accepted.

The purchase does not require detailed technical specifications or inspection.

3. Check amounts shall not exceed \$2,500 per check and always be issued for the exact payment amount, with a prohibition on splitting amounts across more than one check to keep below the \$2,500 limit.

4. Accommodation checks shall not be issued as an "exchange-for-cash" vehicle to establish cash funds.

5. Accommodation checks may be mailed, as long as internal controls are in place to avoid duplicate payments to payees.

6. As appropriate, accommodation checks may be used for payments in overseas, transactions up to \$2,500 in support of contingencies declared by the Secretary of Defense.

PROHIBITED USAGE OF ACCOMMODATION CHECKS :

1. Payment of salaries and wages.
2. Travel advances or any other advances except as authorized above.
3. Payment of travel claims (except for claims for local travel not under orders, when a DO is not available in the immediate areas to effect payment as authorized above);
4. Payment of public utility bills;
5. Purchase from contractors or contractor's agents who are military personnel or civilian employees of the Government;
6. Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be more appropriate; or

1. Payment of spot awards.

LIABILITY :

The bank agrees to pay the payees in amounts within the stated maximums and authorized parameters established for the individual account holder.

The Government agency agrees to reimburse the contractor for the full amount of all properly payable checks, which the bank has paid. A properly payment check is one issued under the genuine signature of an account holder, bearing a genuine or authorized endorsement, and with no alternations. Use of a convenience check does not give rise to any right to withhold payment to the bank due to a

dispute with a merchant over the quality of the goods and services purchased.

The Government accepts the responsibility of the possibility of account holders exceeding their single purchase limitations or monthly account holders and office limitations when utilizing convenience checks.

SAFEKEEPING:

Accommodation checks must be kept in a safe location. The Government may be held responsible for any actual loss incurred by the IMPAC Government Services from fraudulent transactions, including, without limitation, fraud as a result of an account holder's failure to properly secure the checks. It is the account holder's responsibility to safeguard checks and checking account at all times.

AUDITS:

Each accommodation checking account shall be audited quarterly on an unannounced basis. The audits will be conducted by a duly appointed, disinterested third party under the guidance of the local Internal Review (IR) activity.

MISUSE OF THE ACCOMMODATION CHECKS:

Any found misuse of the accommodation checks account will result in suspension of the account pending investigation.

LOSE OR STOLEN CHECK/FRAUD:

Account holders are required to contact IMPAC Government Services within 24 hours to report incidents of lost or stolen checks. Since the account information may have been compromised, request that the account be closed and a new account number assigned with new checks.

When using checks, fraud is always a possibility. Fraud on a check may involve an altered amount or an unauthorized signature. Closely review the monthly account holder statement and report any discrepancies to the IMPAC Customer Service. If fraud is suspected, the account holder may be asked to assist with the investigation by completing signature specimens and/or affidavits of forged or altered checks.

**AUTHORIZED USERS OF THE ACCOMMODATION CHECKS AT CARLISLE
BARRACKS**

DOC
AWC LIBRARY