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FM HQ AFSVA RANDOLPH AFB TX//SVF//

TO AIG 8678

AIG 7165

BT

UNCLAS

SUBJ: ELECTRONIC FUNDS TRANSFER (EFT) PAYMENTS

REF: AIG 221802Z DEC 98 (ELECTRONIC FUNDS TRANSFER (EFT)

CONGRESSIONAL MANDATE - VENDOR EFT EXEMPTION)

PLEASE ENSURE A COPY OF THIS MESSAGE IS DELIVERED TO THE RMFC.

1. BASED UPON THE AVAILABLE INFORMATION, BUT PRIOR TO THE U.S. TREASURY FINAL RULING, HQ AFSVA/SVF GRANTED EFT WAIVERS FOR "EXCEPTION" VENDORS (PER REF MESSAGE). THE FINAL RULING IS NOW IN EFFECT. THIS MESSAGE SUPERSEDES REFERENCED MESSAGE AND MANDATES EFT BE USED FOR ALL VENDOR PAYMENTS EXCEPT FOR THOSE MANDATORY AND CONDITIONAL WAIVERS STATED IN PARAS 2.A AND 2.B BELOW.

2. THESE CHANGES WILL BE INCLUDED IN AFI 34-209 (TO BE AFI 34-409), NAF FINANCIAL MANAGEMENT AND ACCOUNTING. THERE ARE TWO EFT WAIVER TYPES - MANDATORY AND CONDITIONAL WAIVERS.

A. MANDATORY CHECK PAYMENTS APPLY ONLY TO CHANGE FUND ESTABLISHMENT AND/OR REPLENISHMENT. CHECK ISSUE IS AUTHORIZED IF IMPREST FUNDS, DAILY ACTIVITY RECEIPTS OR CENTRAL CASHIER CANNOT SUPPORT THE REQUIREMENT.

B. CONDITIONAL CHECK PAYMENTS ARE MADE ONLY WHEN THE IMPAC CARD, EFT, IMPREST FUNDS, DAILY ACTIVITY RECEIPTS OR CENTRAL CASHIER PAYMENT OPTIONS ARE NOT FEASIBLE OR AVAILABLE AS STATED BELOW (C,(1)-(5)). CONDITIONAL WAIVERS ARE AS FOLLOWS:

(1) SM&W (SEE PARA 2C(1) BELOW).

(2) ISOLATED UNIT FUNDS (SEE PARA 3C(2) BELOW).

(3) ONE-TIME VENDOR PAYMENTS (SEE PARA 3C(3) BELOW).

(4) FOREIGN VENDORS PAID IN U.S. DOLLARS TO A FOREIGN BANK (SEE PARA 3C(4) BELOW).

(5) STATE ENTITIES (SEE PARA 3C(5) BELOW).

(6) FEDERAL AGENCIES (SEE PARA 3C(5) BELOW).

C. FURTHER CLARIFICATION OF THE ABOVE PAYMENT TYPES IS AS FOLLOWS:

(1) SM&W. ISSUING A NAF IMPAC CARD TO ORGANIZATIONAL FUND REPRESENTATIVES FOR SM&W IS NOT AUTHORIZED. A SERVICES REPRESENTATIVE CAN ACCOMPANY THE ORGANIZATIONAL REPRESENTATIVE AND MAKE THE PURCHASES.

(2) ISOLATED UNIT FUNDS. EFT RECIPIENTS MUST HAVE A U.S. DOMESTIC BANK ACCOUNT. BANK ACCOUNTS MAINTAINED BY

THE OVERSEAS COMMUNITY BANK BRANCH OFFICES ARE CONSIDERED U.S. DOMESTIC BANK ACCOUNTS.

(3) ONE-TIME VENDOR PAYMENTS. THE RMFC CAN, ON A CASE-BY-CASE BASIS, AUTHORIZE ONE-TIME CHECK PAYMENTS IF DETERMINED COST EFFECTIVE.

(4) FOREIGN VENDORS PAID IN U.S. DOLLARS TO A FOREIGN BANK. CONDITIONAL EFT PAYMENT IN U.S. DOLLARS TO FOREIGN VENDORS IS CURRENTLY AVAILABLE ON A CASE-BY-CASE BASIS. PRIOR TO THE EFT PAYMENT INITIATION, THE NAF ACCOUNTING OFFICE (A0) MUST PROVIDE HQ AFSVA/SVFB THE BANK SWIFT CODE (ALPHA/NUMERIC CODE USED FOR INTERNATIONAL EFT PAYMENTS). SVFB WILL ESTABLISH THE ACCOUNT BANK RELATIONSHIP, PROVIDE THE NAF AO A UNIQUE VENDOR CODE AND THE EFT START DATE.

(5) STATE ENTITIES AND FEDERAL AGENCIES. CHECK PAYMENT IS ONLY AUTHORIZED FOR STATE ENTITIES AND FEDERAL AGENCIES UNTIL RECIPIENT IS CAPABLE OF ACCEPTING EFT PAYMENT.

3. BASED UPON A RECENT CHECK/EFT ANALYSIS, EFT IMPROVES AND SIMPLIFIES INTERNAL PROCESSING PROCEDURES, REDUCES BANK SERVICE FEES, PROVIDES A CUSTOMER/VENDOR CONVENIENCE AND IT IS PUBLIC LAW. IN ORDER TO CONVERT CHECKS EITHER TO EFT OR AN ALTERNATE PAYMENT METHOD, CONTINUING EFFORTS MUST BE MADE TO PROMOTE EFT UNDERSTANDING AND PARTICIPATION. EVERYONE MUST "RETHINK" THE PAYMENT PROCESS SO THAT "EFT IS THE RULE AND CHECK ISSUE IS THE EXCEPTION."

4. SINCE VENDOR PAYMENT TERMS ARE A CONTRACTING ISSUE, NAF CONTRACTING AGENTS ARE THE KEY TO ACHIEVING THE EFT GOAL. DURING THE CONTRACT NEGOTIATIONS, THE PURCHASING AGENT MUST VERBALLY CONVEY THE GOVERNMENT PAYMENT METHODS (IMPAC (PREFERRED METHOD) OR EFT) AND INCLUDE SAID PAYMENT TERMS IN THE PURCHASE ORDER/CONTRACT DESCRIPTION. **AS A REMINDER, IMPAC IS THE PREFERRED PAYMENT METHOD.**

5. POCS FOR EFT ACCOUNTING INFORMATION ARE CHERYL BASIL AND CATHY VANCE, HQ AFSVA/SVFA, DSN 487-3480. POCS FOR VENDOR EFT PAYMENT QUESTIONS ARE JOHN GRIFFIN, MIKE COLTRIN AND CAROL SONNEY, HQ AFSVA/SVFB, DSN 487-5852.

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