DEPARTMENT OF THE AIR FORCE

WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

01 MAR 1999

MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Air Force Convenience Check Guidelines

As the Air Force continues to expand the use of the International Merchant Purchase Authorization Card (I.M.P.A.C.), an important addition to the program is the Convenience Check. When purchase card use is not possible, these checks provide flexibility for organizations to acquire supplies and services under $2,500 in a timely manner. They are also an important method of reducing the number of transactions processed by the Defense Finance and Accounting Service (DFAS) each year.

This memo provides guidance on the use of International Merchant Purchase Authorization Card (I.M.P.A.C.) Convenience Checks as a part of the Air Force purchase card program. This information should be used to supplement the *Air Force Internal Procedures for Using I.M.P.A.C.*, dated 28 Apr 97, and will be incorporated into AFI 64-117 when published.

Your command and installation level I.M.P.A.C. Program Coordinators in partnership with their FM communities are doing a superb job to ensure the Air Force purchase card program is the best in DoD. We applaud their dedication and team spirit. Please have them include training and surveillance relating to this newest addition to our purchase card program and Acquisition Reform toolkit.

Questions regarding acquisition issues should be addressed to Barbara Odgers, SAF/AQCO, DSN 425-7029, or commercial (703) 588-7029. Questions regarding financial issues should be addressed to Geoff Brougham, SAF/FMPC, DSN 225-0140 or commercial (703) 695-0140.

TIMOTHY BEYLAND
Associate Deputy Assistant Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachment:
Air Force Convenience Check Guidelines

cc:
SAF/FMP

AIR FORCE
INTERNATIONAL MERCHANT PURCHASE AUTHORIZATION CARD (I.M.P.A.C.)
CONVENIENCE CHECK
GUIDELINES

Convenience checks provide an alternative **only** when the use of the purchase card is not feasible. They provide issuing Air Force activities the flexibility to issue low volume, low dollar payments for products and services from the activity level. The management controls and procedures included in the *Air Force Internal Procedures for Using I.M.P.A.C.* also apply in the use of convenience checks. The convenience checks will be pre-numbered and additional control will be maintained in using a separate convenience check purchase log for each account.

1. Requirements

Minimum requirements to establish a local check writing capability follows.

a. Convenience checks must be considered advantageous to the Air Force activity, after evaluating all alternatives. Checks should not be used to avoid the normal card payment process. Paying office late payments or incidence of prompt payment interest penalties are not justification for use of the checks.

b. Before a check is issued, the paying agency must **make every effort to use the purchase card.** Maximum efforts shall be made to find and use vendors that accept the purchase card.

c. The authority to maintain a checkbook shall be justified on an individual organization basis and controlled and monitored by the organization commander/director. Automated reports from US Bank are available through the Customer Automation and Reporting Environment (C.A.R.E.) to provide oversight.

d. The number of checkbooks per installation must be kept to a minimum and shall be limited to no more than one checkbook per organization.

e. Convenience checkbook accounts are only available to organizations which maintain an active (in good standing) purchase card account. Convenience checks must be maintained under a separate ("cardless") purchase card (I.M.P.A.C.) account number. A convenience checkbook holder may have a purchase card account and a separate convenience checkbook account.

f. The approving/billing official is responsible for the implementation of appropriate internal controls. In addition to the details here, the guidelines and controls in Air Force Internal Procedures for Using I.M.P.A.C. apply in the use of convenience checks also.

g. The Installation Program Coordinator will include a thorough review of each convenience check account during quarterly surveillance/audits.

h. Convenience checks shall not be issued for more than $2,500.00 per check and shall be issued for the exact payment amount. "Splitting" amounts across more than one check to keep below the $2,500.00 limit is prohibited.

i. Convenience checks shall not be issued as an "exchange-for-cash" vehicle to establish cash funds. If vendors issue credit checks or refunds by cash or check, funds must immediately be turned in to the local Financial Services Office (FSO).

j. The issuing organization is responsible for all administrative costs associated with the use of these checks. The total purchase amount plus the program fee must be accounted for on the checkwriter's purchase log and deducted from the funding document balance. (The current program fee for convenience checks is 1.7% of the face value of the check. See paragraph 6.e. for Fee Schedule)

k. Convenience checks may be mailed as long as internal controls, including the use of the check purchase log, are in place to avoid duplicate payments to payees. Lost checks are the responsibility of the checkwriter (see DoD 7000.14-R, Vol 5).

l. As appropriate, convenience checks may be used for payments in overseas transactions up to $2,500.00 in support of contingencies declared by the Secretary of Defense. Warranted Contingency Contracting Officers (CCO) will be the primary users of convenience checks in contingency operations. The deployed contracting officer and financial services officer should authorize all other users.

m. Check writers are responsible for the capture of TD1099 data for services paid by convenience check. The information shall be forwarded to the agency's servicing DFAS OPLOC (with a copy provided to the local FSO) according to the schedule established by that OPLOC (i.e., quarterly, semi-annually, or annually. The required information consists of the following:

(1) Payee's full name
(2) Complete mailing address
(3) Phone number (including area code)
(4) Social Security Number or Tax Identification Number
(5) Amount(s) paid
(6) Date(s) of amount(s) paid
(7) Total paid to Payee in the reporting period

n. Checks are negotiable instruments and shall be stored in a locked container, such as a safe or metal filing cabinet. Checks will be accounted for appropriately to prevent loss, theft or potential forgery. Checks shall be reconciled just as other purchase card transactions as a part of the monthly Statement Billing File cycle. (Checks are printed on duplicate paper to facilitate tracking and reconciliation.) Duplicate copies of checks shall be retained as a part of the account holders original documentation files.

o. Applicable directive guidance is provided in:

(1) DoD Financial Management Regulation 7000.14-R, Vol 5, paragraphs 0210 through 021008, Interim Change Authority 9-97, 21 Nov 97.

(2) DoD Purchase Card Reengineering Implementation Memorandum #5: Accommodation Checks.

(3) AFI 31-209, Air Force Resource Protection Program

2. Authorization of Accounts

a. The activity approving/billing official may be any individual (i.e., officer, enlisted or civilian personnel) who is appointed by the head of the issuing activity to authorize and certify the issuance of convenience checks. This official shall receive and certify payment of the billing statement to the appropriate paying activity. To maintain effective internal controls, the activity's approving/billing official may not perform functions of convenience check writer. The approving/billing official shall be held accountable and pecuniary liable for the propriety of the purchases and accuracy of the payments.

b. The check writer may be any individual (i.e., officer, enlisted or civilian personnel) who is appointed by the head of the issuing activity, to order, receive, store, reconcile and dispose of check stock. Only the named person shall be designated as the convenience check writer and have the authority to sign and issue convenience checks. **Checkbook accounts shall be under the custody of an individual who is not responsible for the origination, approval and/or processing of the requirement for a check.**

3. Establishing Convenience Check Accounts

a. Requests to establish convenience checkbook accounts shall be justified (in writing) by the organization's commander/director and forwarded to the installation I.M.P.A.C. Program Coordinator. Delegations of authority to maintain and use convenience checks shall be rendered (in writing) specific to the activity approving/billing official and check writer by the activities' commander/director.

b. The installation I.M.P.A.C. Program Coordinator shall obtain the coordination of the local FSO and forward the request to the Deputy Director for Finance, HQ Defense Finance and Accounting Service (DFAS-HQ/F), via its Office of Disbursing Management located at the DFAS-Kansas City Center, for approval. Prior coordination with this office at (816) 926-2774/3198 and the servicing DFAS operating location is highly encouraged. Within 20 days, DFAS shall notify the requester of its approval to establish a convenience check account. Upon DFAS approval, normal account set-up procedures shall be followed to establish the checkbook account. (Note: Requests disapproved by DFAS which are determined worthy of further consideration must be referred through SAF/AQC to SAF/FM and the Department of Treasury, Office of the Deputy Chief Financial Officer (ODCFO), for final resolution.)

c. Application forms shall be completed and submitted by the activity to the I.M.P.A.C. Program Coordinator for forwarding to US Bank. **(Note: Applications shall not be submitted directly to US Bank without first attaining the authorization/approval of DFAS.)** The application package shall also include a copy of the DFAS and Air Force activity commander/director approval documents. A separate convenience check holder and approving official must be identified for each checking account. (Each checkbook account shall be established separately from a purchase card account.)

4. Use of Convenience Check Accounts

a. Convenience checks may be used for small purchases, when supplies or services are available for delivery within 15 days whether at the contractor's place of business or at destination. Purchases made with the check must not require detailed technical specifications or inspection report.

b. Convenience checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations such as:

(1) Delivery charges associated with the purchase made with a convenience check when the contractor is requested to arrange delivery. These charges include local delivery, parcel post including cash on delivery (C.O.D.) postal charges, and line haul or inter-city transportation charges, provided the charges are determined to be reasonable and acceptance is in the best interest of the government.

(2) C.O.D. charges for supplies ordered for payment with a convenience check upon delivery.

(3) Transportation passes or tokens.

5. Prohibited Purchases

a. Payment of salaries and wages.

b. Travel advances or any other advances.

c. Payments of travel claims (except for claims for local travel as specified in 4.b.(3) above).

d. Payment of public utility bills.

e. Purchase from contractors or contractor's agents who are military personnel or civilian employees of the government.

f. Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be more appropriate.

g. Payment of spot awards.

6. Disputes/Stop Payments/Fees

a. **The dispute process is not available with I.M.P.A.C. convenience checks.** Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is solely responsible for securing restitution and/or credit or disputed purchases. Card holder Statement of Questioned Item (CSQI) forms will not be accepted for check purchases. Each organization is responsible for checks written on an account, unless it is determined fraud is involved.

b. In some cases, payment can be stopped on a convenience check that has been written if the check has not yet posted to an account. To stop payment on a check, call I.M.P.A.C. Customer Service to receive instructions on processing the action. The stop payment will be in place for 6 months, and a fee will be charged (and accounted for on purchase log/funding document balance) directly to the account. If the check has already posted to the account, a request to stop payment cannot be honored. (See paragraph e below for fee schedule.)

c. Copies of posted checks are retained on file at US Bank for 3 ½ years. If a check copy is needed, it will be mailed within 14 calendar days of request. A fee will be charged (and must be accounted for on the purchase log/funding document balance) directly to the requesting account. (See paragraph e below for fee schedule.)

d. Although a check is written, it may not immediately post, and therefore, will not be reflected in the Statement Billing File of the check writer. When a check is presented to US Bank for payment, there must be enough funds in the 30-day limit and office limit to cover the check. In addition, a check cannot exceed the single purchase limit assigned to the account. If a check presented exceeds any of the limits, the result is a Non-Sufficient Funds (NSF) situation and the check may be returned unpaid to the merchant or payee. A NSF fee will be assessed (and accounted for on the purchase log/funding document balance) against the check writers account.

e. Fee Schedule:

(1) Check Copies	$ 2.00	
(2) Non-Sufficient Funds (NSF)	15.00	(Bank charge – merchant may also charge a Returned Check charge.)
(3) Stop Payment	25.00	
(4) Program Fee	1.7% of check face value Example: $ 1,000.00 = $17.00 $ 2,500.00 = $42.50	

7. <u>Waiver Process</u>

a. The ODCFO may grant waivers to these policies (including higher dollar authority) for contingency operations and for exceptional circumstances.

b. Waiver requests for deviations from, or exceptions to, these policies shall be submitted, through MAJCOMs, for evaluation by SAF/AQC and SAF/FM.

c. Waiver requests approved by SAF/AQC and SAF/FM shall be submitted for consideration to the ODCFO. Such requests must contain adequate justifications and demonstrate the need for a waiver or exception to the specific policy.

8. <u>Effective Date</u>

The effective date of these guidelines is 1 Mar 99.