

**DEPARTMENT OF THE INTERIOR**  
**ELECTRONIC FUNDS TRANSFER PAYMENTS POLICY AND PROCEDURES**

**I. PURPOSE**

This document updates the Department of the Interior (DOI) policy and procedures on compliance with Electronic Funds Transfer (EFT) payment requirements and should be implemented in conjunction with the DOI Office of Acquisition and Property Management's DOI Acquisition, Assistance, and Asset Policy - 0014, EFT Waiver Process ([https://docs.google.com/a/ios.doi.gov/document/d/1KYr60CM9g40Fc0bZ4E6VElguBbF3g8Ar8Cc3DZ8n\\_hE/edit](https://docs.google.com/a/ios.doi.gov/document/d/1KYr60CM9g40Fc0bZ4E6VElguBbF3g8Ar8Cc3DZ8n_hE/edit)).

**II. AUTHORITY**

The Debt Collection Improvement Act (DCIA) of 1996 (Pub. L. 104-134) requires that all payments be made by EFT after January 1, 1999. The implementing guidance issued by the U.S. Department of the Treasury (Treasury) is Treasury Financial Manual Volume I, Part 4A – Chapters 2000 and 3000, *Overall Disbursing Rules for all Federal Agencies and Requirements for Scheduling Payments Disbursed by The Financial Management Service (FMS)*, respectively (T/L 687, dated December 2012), and the cited authority is found in 31 Code of Federal Regulations (CFR) Part 208 that sets forth the conditions under which waivers from EFT payment requirements are appropriate. The Federal Acquisition Regulation (FAR) subpart that also implements the Act allows for some exceptions to the EFT requirement, which are outlined at FAR 32.1103.

**III. RESPONSIBILITIES**

The Bureau Chief Financial Officers are responsible for ensuring compliance with all aspects of the DCIA of 1996 and EFT payment requirements.

**IV. EFFECTIVE DATE**

The policy and procedures are effective upon issuance.

**V. BACKGROUND**

The Treasury FMS has amended title 31, CFR, Chapter II, Part 208, which implements the requirements of 31 United States Code (U.S.C.) 3332. Title 31, U.S.C., Section 3332, as amended by subsection 3100(x)(1) of the DCIA (Section 3332), generally requires that all Federal non-tax payments be made by EFT, unless waived by the agency Secretary. "Federal payment" means any non-tax payment made by an agency, including but not limited to, Federal wage, salary, and retirement payments; vendor and expense reimbursement payments; benefit payments; and miscellaneous payments. The Secretary must ensure that individuals required to receive Federal payments by EFT have access to an account at a financial institution "at a reasonable cost" and with "the same consumer protections with respect to the account as other account holders at the same financial institution."

Direct Deposit (DD) is Treasury's preferred disbursement mechanism for all classes of Federal payments. The DD is an electronic payment alternative that uses the Automated Clearing House (ACH) network. The Treasury recommends using DD because it is the safest and fastest way to receive payments.

If you are interested in DD, contact your human resource representative. Individuals who do not choose DD should be enrolled in the Direct Express® Debit MasterCard® card program, a prepaid debit card offered to Federal benefit recipients who wish to receive their benefits electronically. For more information on the Direct Express® card, see the website at <http://www.usdirectexpress.com>.

In addition, agencies should use the following EFT mechanisms as prescribed by Treasury's Financial Manual to comply with the EFT provisions of 31 CFR Part 208:

- Automated Standard Application for Payments (ASAP) – The ASAP is an all-electronic payment and information system through which grantee organizations receiving Federal funds can draw from accounts preauthorized by Federal agencies. For more information on ASAP, see the website at: <http://www.fms.treas.gov/asap>.
- Fedwire - Fedwire is an electronic transfer system developed and maintained by the Federal Reserve that allows an agency to make payments with same-day settlement. This payment mechanism is intended for high-dollar, low-volume payments that must be paid the same day the payment is requested.
- International Treasury Services (ITS.gov) – The ITS.gov enables Federal agencies to issue foreign currency payments electronically using the ACH network, Wire, and Society for Worldwide Interbank Financial Telecommunications to nearly 200 foreign countries. For more information on ITS.gov, see the website at: <http://www.fms.treas.gov/itsgov>.
- Stored Value Card—Stored value cards (SVCs) are smart cards with an embedded computer chip that contain electronic monetary value. The technology eliminates coin currency, scrip, vouchers, money orders, and other labor-intensive payment mechanisms associated with closed Government locations, such as military bases and ships at sea. For more information on the SVC, see the website at: <https://fms.treas.gov/storedvalue>.
- U.S. Debit Card—The U.S. Debit Card is a magnetic stripe bankcard that can be used by Federal agencies to make payments to individual recipients. Agencies can use the U.S. Debit Card to replace third-party drafts, for miscellaneous payments of non-recurring nature, and/or where instant issuance is necessary, such as payments for disaster relief. For more information on the U.S. Debit Card, see the website at: <http://www.usdebitcard.gov>.

Agencies may also use the following EFT mechanisms, as prescribed by FAR 32.1108, *Payment by Governmentwide commercial purchase card*, to comply with EFT provisions:

- A Governmentwide commercial purchase card charge authorizes the third party (e.g., financial institution) that issued the purchase card to make immediate payment to the contractor. The Government reimburses the third party at a later date for the third party's payment to the contractor.
- Automated electronic charge card-based payments (single use accounts)

Effective May 1, 2011, FMS required recipients of Federal non-tax payments to also receive payment by EFT. A delayed effective date of March 1, 2013, was instituted for (1) individuals receiving Federal payments by check on May 1, 2011; and (2) individuals who filed claims for Federal benefits before May 1, 2011, and requested check payments when they filed. The Treasury reserves the right to review agency compliance with the EFT requirement. However, Treasury will allow individual waivers from the EFT requirement when certain criteria are met (explained below in Section C: *Waiver Conditions*).

## VI. POLICY AND PROCEDURES

### A) *General Policy*

The DOI policy on EFT is to utilize electronic payment mechanisms to the fullest extent possible.

### B) *Scope*

Effective January 2, 1999, all payments to non-Federal recipients are presumed to be made by EFT or other EFT compliant alternatives such as those identified below:

Type	Use
Wage and Salary Payments	DD/EFT
Payment of Employee Awards	FPPS and DD/EFT
Travel Reimbursement Vouchers, Local and TDY	DD/EFT
Cash Advances for Official Travel	ATM privilege and DD/EFT (non-cardholders)
Official Travel Expenses	Government Contractor-Issued Charge Card
Miscellaneous Purchases	Government Contractor-Issued Charge Card
Fleet and Vehicle Expenses	Government Contractor-Issued Charge Card
Vendor Payments	EFT

### C) *Use of Convenience Checks – Blanket Waiver Condition*

Selected holders of the Government contractor-issued charge card for the purchase business line will have convenience check privileges. Convenience checks may be used without additional waiver when the Government contractor-issued charge card is not accepted by a given merchant however, any other uses of convenience checks will require a documented EFT waiver approved by authorized Bureau personnel. In general, the use of convenience checks should be held to a minimum, when possible. In addition, efforts should be made to reduce the number of convenience checks utilized.

**D) Waiver Conditions**

When payment by EFT is not possible, a waiver must be obtained. Waiver condition numbers are listed and identified as outlined in the final Treasury regulation.

**EFT Waivers Certified by Individuals:**

Individuals may request a waiver based on the following: (Agencies are not required to notify sole proprietors of their waiver options.)

**Condition 1a.**

Where an individual receives a type of payment that is not eligible for deposit to a Direct Express® card account. In such cases, those payments are not required to be made by EFT, unless and until such payments become eligible for deposit to a Direct Express® Card account;

**Condition 1b.**

Where an individual is ineligible for a Direct Express® card because of suspension or cancellation of the individual's card by the Financial Agent;

**Condition 1c.**

Where an individual has filed a waiver request with Treasury certifying that payment by EFT would impose a hardship because of the individual's inability to manage an account at a financial institution or a Direct Express® card account due to a mental impairment, and Treasury has not rejected the request; or

**Condition 1d.**

Where an individual has filed a waiver request with Treasury certifying that payment by EFT would impose a hardship because of the individual's inability to manage an account at a financial institution or a Direct Express® card account due to the individual living in a remote geographic location lacking the infrastructure to support electronic financial transactions, and Treasury has not rejected the request.

**EFT Waiver Requests Involving Foreign Countries, Military Operations, or Public Safety:**

**Condition 2.**

Where the political, financial, or communications infrastructure in a foreign country does not support payment by EFT or does not support access to the Internet for electronic invoice submittal.

**Condition 3.**

Where a military operation is designated by the Secretary of Defense in which uniformed services undertake military actions against an enemy, or a call or order to, or retention on, active duty of members of the uniformed services is made during a war or national emergency declared by the President or Congress.

**Condition 4.**

Where a threat may be posed to national security, the life or physical safety of any individual may be endangered or a law enforcement action may be compromised.

**EFT Waiver Requests Involving Non-Recurring Payments or Public Experience:**

**Condition 5.**

Where the agency does not expect to make more than one payment to the same recipient within a 1-year period on a regular, recurring basis and remittance data explaining the purpose of the payment is not readily available from the recipient's financial institution receiving the payments by EFT (i.e., the payment is non-recurring, and the cost for making the payment by EFT exceeds the cost of making the payment by check).

**EFT Waiver Requests Involving Natural Disasters and Compelling Urgency:**

**Condition 6.**

Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area (this waiver is limited to payments made within 120 days after the disaster is declared).

**Condition 7.**

Where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT.

**Action Required:**

Any individual or entity requesting a waiver based on any one or more of **Conditions 1 – 7** above must submit a DOI EFT Waiver Request Form. Each request must be submitted on a Financial and Business Management System (FBMS) help desk ticket, with the completed DOI EFT Waiver Request Form attached. Upon receipt and review of the form, the FBMS help desk will forward non-procurement waiver requests to the Office of Financial Management (PFM) for obtaining Treasury approval. Once Treasury returns written approval of the waiver request on letterhead, PFM will then approve the DOI EFT Waiver Request Form and provide a copy of the Treasury written correspondence to the FBMS help desk as confirmation. To access the DOI EFT Waiver Request Form, see the following link: [https://docs.google.com/a/ios.doi.gov/spreadsheets/d/19jS\\_BvjYxdNEoexAQsZGvotNIfrq-YdwUDsB3HTklHE/edit#gid=0](https://docs.google.com/a/ios.doi.gov/spreadsheets/d/19jS_BvjYxdNEoexAQsZGvotNIfrq-YdwUDsB3HTklHE/edit#gid=0).

Records of all waivers granted are to be maintained by the Bureau and made available for review upon request. Records of EFT waivers must be maintained for at least three years by Bureau finance offices. Waivers relating to DD/EFT of employee salary or other employee related payments must be maintained separately from vendor (non-employee) waivers. A waiver filed under **Condition 1** becomes effective on the date the request is received from an individual; all other waivers become effective when approved by authorized personnel within the Department.

**E) *Waivers Related to Tort Claims or Equal Employment Opportunity Settlements***

All waivers submitted using a DOI EFT Waiver Request Form to the FBMS Help Desk for Tort Claims and Equal Employment Opportunity payments will be automatically approved if such claims pass due diligence. For the purpose of this policy, due diligence refers to determining if a vendor has received electronic payments in the past from any DOI Bureau. If a vendor has in fact not received such payments, then the vendor may be paid by check.

**F) *Bureau Administrative Requirements***

Bureaus are required to:

1. Take necessary actions to ensure that multiple, non-EFT compliant, payment mechanisms do not proliferate and that all non-EFT compliant payment mechanisms have the appropriate waivers. Examples of proliferation would include authorizing convenience checks, and/or third party payment mechanisms at locations which continue to maintain cash imprest funds.
2. Notify check recipients and newly eligible payment recipients of their options before and after an electronic transfer account becomes available.
3. Establish procedures that allow recipients to elect to have their payment deposited via EFT to an account at a financial institution.
4. Establish, as part of the internal control process, a review of compliance with the EFT provisions of the DCIA.
5. Annually review imprest funds granted a waiver to remain open after January 1, 1999, and meet the requirements of DOI Cash Management Handbook, Chapter 7, Cash Held Outside Treasury, Subchapter 7.3 and Treasury Imprest Fund Policy Directive dated November 9, 1999.
6. Review PFM quarterly financial performance metrics reports obtained from FBMS as confirmation in implementing the above policy.

**SUPPLEMENTAL GUIDANCE**  
**Implementing the DOI EFT Policy and Procedures**

**A. PROCUREMENT/CONTRACTING OFFICERS**

**Vendor and Miscellaneous Payments for non-Employee Payments (e.g., corporations, partnerships, sole proprietorships, other non-Federal Government entities)**

- The DOI's Electronic Invoicing and Payment Requirements – Internet Payment Platform (IPP) local clause requires that all new awards have invoices submitted electronically via the IPP. Waivers to this requirement may be granted under certain conditions. Refer to DOI's Acquisition Policy Release 2012-06, *Electronic Funds Transfer Waiver Process*, (<http://www.doi.gov/pam/programs/acquisition/upload/DIAPR-2012-06-Electronic-Funds-Transfer-Waiver-Process.pdf>).
- Include appropriate contract language based on current FAR provisions regarding use of EFT.
- The ITS.gov enables agencies to issue international U.S. dollar wire transfer payments without a corresponding U.S. financial institution. Agencies should use ITS.gov to make foreign benefit, payroll, vendor, and miscellaneous payments electronically.

**B. PERSONNEL OFFICES**

The Government Management Reform Act of 1994, requires all Federal employees hired after January 1, 1995, to be paid by EFT. The Treasury and DOI EFT policy identifies specific hardship conditions under which waivers from the EFT requirement will be granted (see DOI EFT policy on Waiver Conditions, Section VI.D).

New Employees:

- Inform new employees of the requirement that all employee salary and related payments be made via DD/EFT.
- Provide all new employees with the appropriate EFT registration form.
- Keep a copy of the DOI's EFT policy on hand for reference if questions relating to waivers are raised by the new employee.

Current Employees:

- Work with DOI's Interior Business Center to identify and try to enlist current paper check payment employees in the DD/EFT program. A program should be adopted that periodically informs all non-EFT employees of the DCIA's EFT requirements.

## C. FINANCE OFFICES

### Vendor Payments (All non-employee payments regardless of entity type):

- If Taxpayer Identification Numbers (TIN) or EFT information is not already on file by the time a vendor invoice is received, the following steps should be followed:
  1. Determine if the vendor is an individual (or sole proprietor) – if so, a waiver based on **Condition 1** may be granted if the vendor claims a hardship.
 

Should a vendor claim to be a sole proprietor, accept it as face value unless it is obvious that the payment is being made to a corporation (e.g., “Inc.”, “PC”, “Ltd”, etc., are present). Such claims can be made verbally or in writing. It should be noted, however, that all payees are required to provide the TIN.
  2. Determine whether waiver **Condition 5** (one-time payment and cost considerations mitigate against payment by EFT), or waiver **Condition 7** (public exigency rules out use of EFT) apply. Bureaus have been delegated the authority to make these determinations on-the-spot, when necessary.
  3. If items 1 and 2 above do not apply, the invoice should be returned to the vendor as a defective invoice (under 5 CFR 1315.4, Prompt Payment Standards and Required Notices to Vendors). The Finance Office should provide the vendor with the DCIA’s EFT and TIN requirements, a statement describing the benefits of EFT (model language can be found in 31 CFR 208), a “sign-up” form (Standard Form 3881 or equivalent) and, at the discretion of the bureau, a copy of the waiver conditions outlined in the DOI EFT policy (see Section VI.D).
  4. The vendor should be advised that further action in processing the invoice will be deferred, pending receipt of the information requested in item 3 (i.e., TIN and/or EFT information), or the receipt (and subsequent granting) of a waiver request.
 

After waiting a reasonable response period (generally 30 days) or until a second (or follow-up) invoice is received, the vendor should have:

    - a) Provided the TIN and EFT information;
    - b) Requested a waiver; or
    - c) Expressed (or implied) refusal to provide the information.
  5. If a waiver request is submitted, it should be reviewed to ascertain whether the waiver conditions described in Treasury regulations are met.
  6. Invoices associated with waiver requests that are approved should be treated as “one-time” payments (and payment can be made by non-EFT mechanisms). Since the Prompt Payment clock becomes suspended in step 3 above, no late interest penalties are due. Every effort should be made to locate an alternate source for the goods/services where payment by EFT will be accepted.

Other Employee-Related Payments:

- Presume that if an employee is currently receiving salary via DD/EFT, then all other employee related payments can be made to the same account. However, employees should be provided a notice describing when a payment is sent to their bank, the nature of the payment, the amount, and the procedures to follow if they want future EFT payments to go to a different bank account (i.e., different than where their salary goes).