

DEPARTMENT OF THE ARMY  
ST. LOUIS DISTRICT, CORPS OF ENGINEERS  
1222 SPRUCE STREET  
ST. LOUIS, MISSOURI 63103-2833

CEMVS-RM-F

Regulation  
DR 37-1-3

1 Mar 99

Financial Administration  
ACCOMMODATION/CONVENIENCE CHECK PROGRAM

1. PURPOSE.

This regulation designates responsibilities and prescribes local policies and procedures related to the implementation and operation of accommodation/convenience check accounts.

2. SCOPE.

The provisions of this regulation apply to St. Louis District team members involved in business processes associated with this program.

3. REFERENCES AND AUTHORITIES.

a. Memorandum, Deputy Assistant Secretary of the Army (Financial Operations), Feb 98, subject: OUSD (C) Purchase Card Memorandum Number 5 - Accommodation Checks.

b. Memorandum, Under Secretary of Defense (Comptroller), 5 Aug 97, Subject: Purchase Card Reengineering Implementation Memorandum #5 - Accommodation Checks.

4. ACRONYMS & DEFINITIONS.

- a. APC. Agency Program Coordinator.
- b. AO. Approving Official.
- c. EFT. Electronic Funds Transfer.
- d. FBS. First Bank System.
- e. IMPAC. International Merchant Purchase Authorization Card.
- f. Insufficient Funds Fee. A fee assessed when a check is presented for payment from an account that has an insufficient balance to cover the amount of the check.
- g. RMB. Rocky Mountain Bank.
- h. RMBCS. Rocky Mountain Bankcard System.

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i. Stop Payment Fee. A fee assessed for ordering RMBCS to refuse to honor a specified check drawn.

5. RESPONSIBILITIES.

a. District Commander or designee:

(1) Must authorize/approve justification for the accommodation/convenience check accounts.

(2) Will appoint personnel in writing as cashiers/custodians, alternate cashiers/custodians, and inspector.

(3) Must ensure that checks are safeguarded.

b. Resource Management Office:

(1) Will serve as proponent for the program.

(2) Will assist Contracting Division in training check custodians/cashier, approving officials, all alternate custodians/cashiers and approving officials and inspector.

c. Contracting Division/IMPAC Agency Program Coordinator (APC):

(1) Will be the "gateway" and serve as a liaison with the First Bank/Rocky Mountain Bank in setting up the accounts.

(2) Will complete the application forms.

(3) Will provide training to check custodians/cashiers, approving officials, as well as all alternate custodians/cashiers and approving officials, and inspector on standard IMPAC program as well as on the check account requirements and responsibilities set forth in the above references.

d. Internal Review Office:

(1) Will oversee and provide guidance to the checking account inspectors/auditors.

(2) Will review quarterly audit reports and maintain files thereon.

e. Inspector:

(1) Must be disinterested 3rd party (i.e., must be independent of the office maintaining the account).

(2) Must perform quarterly unannounced audits/inspections.

(3) Will be a member of the Resource Management office.

(4) Must submit formal audit/inspection reports to the chief of the IR office and to the Agency Program Coordinator (APC) in Contracting on a quarterly basis.

f. Checking Account Approving/Certifying Official and Alternates (AO):

(1) Authorizes and certifies the issuance on checks by cashiers.

(2) Ensures spending limits (i.e., individual checks limit, monthly spending limit, and credit limit) are not exceeded.

(3) Will review the monthly statements with the supporting documentation to determine the purchases are appropriate and legal, and the items were received, and certify for payment.

(4) Must be an IMPAC purchase card approving official.

(5) Must be at least one level in the organization above the check writer in the supervisor chain of command.

(6) Shall be held accountable and pecuniary liable for the accuracy of the payment.

(7) May not perform functions of the check custodian or cashier or alternate.

(8) Shall serve as designated billing (invoicing) official and shall receive and certify payment of the billing statements.

g. Check Custodian/Check Cashier and Alternate:

(1) Orders, receives, stores, issues, inventories, reconciles, and disposes of check stock.

(2) Cannot be responsible for originating, approving, and processing the requirement for a check.

(3) The custodian/cashier may be held pecuniary liable for unauthorized items purchased on their account under their control.

(4) Performs the functions of the accommodation/convenience check cashier. (i.e. the same individual may perform both the custodian and cashier functions)

(5) Must ensure that checks are safeguarded at all times.

(6) At minimum, must be a full time Government employee and must be a GS-5 or higher.

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(7) May also be referred to as the account holder.

(8) Inscribes, signs, and issues checks.

(9) May hold an IMPAC purchase card as long as separate accounts are maintained and applicable policies, and procedures are observed.

(10) Is the only individual authorized to sign and issue checks.

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(11) Assists the AO in ensuring that spending limit and purchasing rules are followed.

(12) Reconciles the bank statements to the retained records.

## 6. BACKGROUND.

a. As part of the Debt Collection Improvement Act of 1996 imprest funds were eliminated. Accommodation/Convenience checks are not intended to replace the imprest funds. Maximum use shall be made of the IMPAC purchase card for micro-purchases of supplies and/or services and the travel card (i.e., currently American Express Card) for travel payments. Only after charge card alternatives have been exhausted should a accommodation/convenience check be considered in place of the charge card.

b. The U.S. Army Corps of Engineers has elected to use the Rocky Mountain Bank Card/First Bank Accommodation Check Program. Under this program, check accounts must be established as separate accounts (i.e., checks may not be added as an option to an existing card account). Each cashier/custodian and alternate will be issued their own account and will be held responsible for said account.

## 7. PROCEDURES.

### a. General

(1) Accommodation/Convenience checks are to be used only when sources/vendors do not accept the IMPAC purchase card for items that are needed to fulfill mission requirements. Accommodation/Convenience checks will be made available only to offices that identify micro-purchasing needs that cannot be met through other means.

(2) The minimum requirements to establish local check-writing capability is as follows:

a. The use of accommodation/convenience checks must be considered advantageous to the organization/activity, after evaluating all alternatives to accomplish the same purpose.

b. All other means possible must be exhausted before a accommodation/convenience check is written. Maximum effort shall be made to find and use vendors that accept the IMPAC purchase card as the primary payment vehicle.

c. Authority to maintain a accommodation/convenience check account shall be justified and granted on an individual organization/office basis.

d. The number of check accounts shall be limited to as few as possible.

e. All offices authorized to maintain accommodation/convenience checks should have an active (in good standing) purchase card account. An accommodation/convenience check cashier may hold an IMPAC purchase card as long as separate accounts are maintained. Note: Check account privileges will be suspended automatically if card account privileges are suspended or revoked.

f. Appropriate internal controls, to include at least one level of approval in the supervisory chain of command above the check writer shall be maintained.

g. An individual who is independent of the office maintaining the account shall audit each check account quarterly on an unannounced basis.

h. Check cashiers/custodians and approving officials shall receive standard IMPAC training prior to being issued an active accommodation/convenience check account.

i. The RMBCS/FBS will process and pay the convenience checks as they are presented through the bank check clearing system for payment. RMBCS will provide a listing of the checks cleared on each account holder's billing statement (invoice). The approving official will ensure that the custodian/cashier reconciles cleared checks and the resulting billing statement against the retained records of issuance. Within 15 calendar days of receipt, the cashier and approving official must have the account reconciled, the invoice processed in CEFMS, and the payment package to the UFC. The UFC will have 15 days to make payment.

j. There will be administrative costs associated with this program. Each office using the checks will be responsible for funding and paying these costs.

k. First Bank must be reimbursed for the full amount of all properly payable checks that have been processed. A properly payable check is one issued under the genuine signature of an account holder bearing a genuine or authorized endorsement and with no alterations. Use of a check does not give rise to any right to withhold payment to RMBCS due to a dispute with a merchant or vendor over the quality of the goods and services purchased.

l. The accommodation/convenience checks shall not be issued for more than \$2,500.00.

b. Signing Up/Getting Started.

(1) The establishment of accommodation/convenience check account requires a coordinated effort between the technical/operating offices, the Contracting Division, and the Resource Management office. There must be recurring need for the checks that cannot be fulfilled by using the IMPAC

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purchase card or government travel. Activities that have identified a need for accommodation/convenience checks must develop a written justification/request and must nominate individuals to serve as cashiers/custodians, and approving officials as well as the alternate for both. The justification shall include specific reasons why a "card" option cannot be used for payment, an estimate of the monthly dollar volume of purchases/payments to be made via checks, and an estimate of the administrative costs of the account. The written justification must specify that the "1.7% of face amount" pricing option was selected. The justification shall also include a statement indicating that the AOs, check custodians/cashiers will be properly trained and that advance reservations of funds will be made through CEFMS.

(2) The justifications and nominations shall be forwarded through the chain of command to include the AO and the division/office chief, to the IMPAC APC in Contracting Division. The APC forwards the justification and nominations to the Commander for his review and approval. If approved, the APC will then forward the request package, Defense Finance and Accounting Service Office of Disbursing Management, DFAS-Kansas City Center, 1500 East Banister Street, Kansas City, MO 64197-0030, for final review and approval. DFAS has 20 days to respond and may disapprove the request if sufficient justification is not provided. If approved, DFAS will forward applications directly to First Bank. DFAS will also send a copy of the approval back to the APC as long as a self-addressed envelope is enclosed as part of the request. Applications shall not be submitted directly to the check issuing organization (i.e., RMBCS) without first attaining DFAS approval.

(3) RMBCS will supply checks to the designated accommodation/convenience check account holder. There is no cost for the ordering of checks; however, if it is found that offices are ordering checks and are not utilizing them, First Bank, with the approval of the GSA Contracting Officer, may assess a fee of \$10.00 per box.

(4) The checks are sequentially prenumbered multiple-copy documents that come in a booklet form. One copy of each written check shall be retained for the account holder's records with the original being issued to the vendor. Checks will contain the following standard preprinted information:

- a. United States Government seal.
- b. The statements "I.M.P.A.C.," "For Official Use Only," and "U.S. Government Tax Exempt."
- c. The maximum dollar limitation per check (i.e., \$2,500.00).
- d. The activity's name and address.
- e. The account holder's name.

(5) All cashiers/custodians, and approving officials as well as the alternates shall receive standard IMPAC training prior to being issued an active accommodation/convenience check account.

c. Program Administrative Costs/Fees.

(1) A charge equal to 1.7% of the face amount of each check will be assessed on the billings (e.g., a check for \$100 will cost an office \$100 plus \$1.70 for a total cost of \$101.70).

(2) Other costs/fees:

Copy Request	\$2.00 ea.
Insufficient Fund Fee	15.00 ea.
Stop Payment Fee	25.00 ea.
Check Cost	*

First Bank may assess a fee of \$10.00 per box of checks to any agency having ordered check and not utilized them.

(3) The Districts may be held liable for any actual loss incurred by RMBCS resulting from fraudulent transactions arising from an account holder's failure to exercise reasonable care in securing the checks.

d. Funds Control.

(1) Accommodation/Convenience check accounts will follow the same basic funds control rules currently in place for the IMPAC purchase card program. Funds shall be reserved prior to incurring program costs. A PR&C shall be prepared and approved prior to the issuance of each check. The PR&C shall equal the purchase price plus 1.7% of the face amount of the check.

(2) Fully executed PR&Cs must also be prepared and approved prior to incurring other program costs such as check copy request fees and stop payment request fees.

e. Using and Safeguarding Convenience Checks.

(1) Accommodation/Convenience checks shall not be written for more than \$2,500 per check and shall 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. Approving officials must ensure that dollar limitations are not exceeded. Accommodation/convenience checks may not be converted to cash. Accommodation/Convenience checks may be used for payments in overseas transactions up to \$2,500 in support of contingencies declared by the Secretary of Defense.

(2) Accommodation/Convenience checks may be mailed so long as controls are in place to avoid duplicate payments to payees.

(3) When not in use, all checks shall be kept in an adequate safe, securely locked. No one, except the check custodians, will have access to the check stocks. Accommodation/Convenience checks must not be co-mingled with any other types of checks or funds. If the check custodian is someone other than the cashier, the cashier must have a separate lockable container/lock box. Alternate cashiers must also have separate lock boxes or container. The safe combinations must be changed at least every six months. The new safe combinations are to be forwarded to RM-F in a sealed envelope.

(4) All cashiers, approving officials, and Division/Office Chiefs will be responsible for adhering to the following guidelines on accommodation/convenience check usage, and any additional guidelines which may be issued later. All cashiers shall follow all applicable regulations,

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including the Federal Acquisition Regulation (FAR, 48 CFR 1). The accommodation/convenience checks simply provide a new mechanism for acquisition. All fiscal law rules and regulations must be followed. Approving official will be held accountable and pecuniary liable.

(5) Examples of how convenience checks may be used for small purchases are as follows:

- a. Supplies or services are available for delivery within 15 days whether at the contractor's place of business or at destination.
- b. The purchase does not require detailed technical specifications or inspection.
- c. Charges for supplies ordered for payment with a convenience check upon delivery.
- d. Money orders for Use Fee Remittance.
- e. U.P.S. charges.
- f. County Recorder Fees for deed changes, easements etc.
- g. Soil testing.
- h. Memberships such as Chamber of Commerce.
- i. Red Cross Training.
- j. Subscription to the local newspaper.
- k. Postage.
- l. Fee for State permits.
- m. Interpretive/Outreach programs.
- n. Emergency repairs/services when credit card vendor is not available.

(6) Examples of how Accommodation/Convenience checks are prohibited from use:

- a. Transportation charges (not related to purchases).
- b. Transportation passes or tokens.
- c. Local travel expenses such as parking and mileage allowance for travel in and around their permanent duty station not under travel order.
- d. Payment of salaries and wages.
- e. Travel Advances.

f. Payment of travel claims.

g. Payment of public utility bills.

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

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

j. Payment of spot awards.

k. Purchase, rental, or lease of any office space or other real property (including parking spaces).

l. Certain services such as consultant, printing (including composition and binding unless purchased from Defense Automated Printing Services - DAPS) and communications (telephonic, radiophonic, or other electronic services requiring specific authorizations), construction, A-E services, cleaning services, (i.e., janitorial) without specific approval for the instant buy as required by applicable statute and regulation including (but not limited to) 10 USC, the FAR and all supplements, and AR-5-14.

m. The accommodation/convenience check shall not be used for airline, bus, boat or train tickets, motor vehicle rental, hotel lodging, or any other service for which the Government Travel Card would be appropriate.

n. Purchase of firearms, ammunition, or telecommunications services.

o. Purchase of information technology (IT) items or services.

p. To pay an unauthorized procurement after ratification.

q. Purchase gasoline, oil, or repairs for interagency fleet management vehicles.

(7) Lost or stolen checks must be immediately reported to the bank, the AO, RM-F and the APC. There is a stop payment capability that may be given verbally but must be followed up in writing. Stop payments may be requested 24 hours a day by dialing 1-888-99IMPAC. If a check has been cleared through the banking process, it becomes the responsibility of the Government. RMBCS must stop payment on a check within one working day of the notification. If a stop payment request is made on the same day a check is processed, the check will be considered cleared.

(8) RMBCS provides for storage of cleared checks for audit and retrieval purposes for 3 years and 6 months after the date of the check. When retrieval of a check is requested, RMBCS must provide a copy to the agency within 14 calendar days after receipt of request. If RMBCS has been notified of a stop payment on a check and the check has cleared, RMBCS shall provide a photocopy of the cleared check to the agency within 5 working days.

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(9) Accommodation/Convenience check privileges may be suspended for those who fail to follow the provisions set forth in this regulation. Any entity under suspension of purchase card privileges shall automatically be suspended from use of the accommodation/convenience checks.

(10) The AO must maintain a file of original receipts to support each purchase. Documentation and filing requirements for check purchases are very similar to the requirements for credit card purchases. Photocopied invoices are not acceptable.

f. Cashier Procedures Following Receipt of Monthly Invoice.

(1) RMBCS/FBS will process and pay the accommodation/convenience checks as they are presented through the bank check clearing system for payment. The bank will send a monthly invoice for the check account to the individual cashier for review and endorsement. Additionally, the bank will send a billing account statement to the approving official that reflects the account status of the primary cashier and alternate cashier, if applicable. The approving official's billing account statement will serve as the official invoice for payment. The approving official forwards the certified billing account statement directly to the payment office. The certified billing account statement must be received at the payment office 15 calendar days after receipt. The cashier will receive his/her invoice from the bank monthly and verify the information on the statement. A description (quantity, price, line item total, and PR&C number) of the items purchased on each transactions shall be entered on the invoice by the cashier unless, for example, there is an itemized receipt available. If for some reason the cashier does not have the customer copy of the sales draft to send with the statement, the word "lost" must be written by the line involved, and an explanation attached, documenting the items, quantities, item prices and line item totals as accurately as possible in the circumstances. Indicate how funds were determined available to support all purchases. If the cashier has purchased items that are not on the statement, the customer copy of the sales draft shall be retained by the cashier until the purchase appears on the invoice.

(2) The cashier signs the invoice, attaches all receipts or other supporting documentation (e.g., phone record, packing slip, cash register receipt), and forwards the packet to the approving official. In cases where the cashier will not be available to perform the reconciliation (e.g., vacation, TDY, or sick leave), it is the cashier's responsibility to notify the approving official or a designated alternate. If satisfactory arrangements cannot be made, the approving official shall still certify the billing account statement, and reconcile later. The cashier shall forward the reconciled invoice to the approving official within 5 calendar days of receipt of the billing account statement by the approving official. The approving official's billing account statement serves as the official invoice for Prompt Payment.

NOTE: In cases where the cashier does not have the invoice available (e.g., the invoice did not arrive or is lost), the same information is available on the approving official's billing account statement. Reprints of lost statements are also available from the bank.

(3) Cashiers who consistently fail to perform timely reconciliation or who fail to maintain adequate documentation may have their accounts canceled and purchasing privileges revoked.

(4) Sales taxes will be paid when required. However, the check itself indicates that it is tax exempt, and the vendor should be so advised at the time of the sales transaction. Most states have agreed to honor the tax-exempt status without further documentation. Some vendors may request the Taxpayer Identification Number (TIN) of the purchaser, with is 43-6074780 for the St. Louis District.

g. Approving Official Procedures Following Receipt of Monthly Billing Statements.

(1) The bank will send a billing account statement to the approving official that displays a record of all transactions within the billing cycle for the cashiers under his/her control. This billing statement will serve as the official invoice for payment. (The approving official will also receive signed invoices along with supporting documentation and receipts from the cashier.) The approving official must date stamp the billing account statement with the date received. The bank will transmit the billing account statement at the close of the billing cycle, which is the 23rd for Army organizations. The approving official's certified billing account statement shall be received in the payment office not later than the 15th calendar day after receipt of the billing account statement. If the approving official does not clearly identify the date of receipt on the billing statement, the Prompt Payment Act requires the payment office to use the statement date as the receipt date. The approving official will review the invoice of each cashier under the approving official's responsibility, together with the supporting documentation (purchase slips, packing slips, and PR&C), to determine if the purchases are appropriate and legal, items were received, and to ensure that the policies and procedures contained in this guide along with appropriate acquisition regulations have been followed. The approving official will then forward the certified billing account statement directly to the paying office so that it arrives within 15 calendar days of receipt of the statement.

(2) In cases where the cashier will not be available to perform the reconciliation, the approving official should assist in making alternate arrangements. If satisfactory arrangements cannot be made, the approving official must still certify the billing account statement in full and direct reconciliation at a later date. NOTE: If the cashier cannot produce his invoice, the approving official may direct the cashier to endorse that portion of the billing statement that applies since identical information from the invoice is on the billing statement. The approving official must ensure that there is an alternate person available to perform billing statement and invoice reconciliation.

(3) The approving official forwards the original certified billing account statement directly to the paying office. Approving officials shall keep a copy of the certified billing account statement and each original cashier invoice (with receipts and supporting documents) for audit purposes. All

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convenience check billing documentation shall be filed using the Modern Army Recordkeeping System (MARKS) number 37-2-10r. These files close on the fiscal year and must be retained for 6 years and 3 months. These files shall be stored at the office of origin for 3 years. After this time, they may be transferred to the records holding area for storage an additional 3 years and 3 months until destruction.

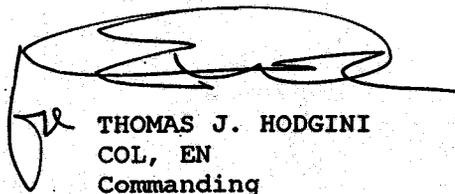
(4) The act of certifying that the billing account statement is proper for payments makes the approving official pecuniary liable in accordance with 31 USC Sec. 3528. Approving officials are liable for an illegal, improper, or incorrect payment due to an inaccurate or misleading certification. Consequently, approving officials that knowingly make a false certification would be required to repay the Government for items purchased.

h. Alternate/Backup Cashiers.

Where it is deemed essential, alternate or backup cashiers may be appointed. Since only one cashier's name can be tied to a convenience check account, the alternate cashier must be issued a separate individual check account. In order to safeguard their checks, alternate cashiers shall utilize a separate locked container from that of the main cashier.

i. Check Account Audits/Inspector.

Inspections shall perform unannounced audits/reviews on a quarterly basis even if there is little or no activity in the account. The once per quarter minimum does not preclude the inspector from occasionally reviewing the account more frequently. Inspector are not to develop predictable patterns in performing the audits (e.g., always performing the review in the last week of the quarter).



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