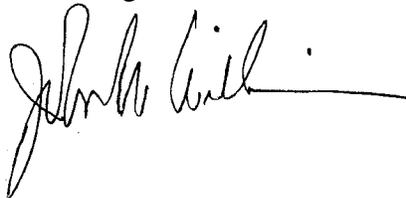


**For:** State and County Offices

**Electronic Funds Transfer (EFT) ePayment Improvement Initiative**

**Approved by:** Deputy Administrator, Management



**1 Overview**

**A Background**

In support of the Presidential Initiatives, USDA has established a goal to issue 97 percent of all payments through EFT. This target supports the Debt Collection Improvement Act (DCIA) of 1996 requirement that federal payments of invoices for goods and services received be paid by EFT. In December 2004, FSA issued 64 percent of its payments through EFT with the remainder being paper checks. FSA’s compliance is well below USDA’s 97 percent goal.

USDA is mandating that **all** payments be made by EFT, to the extent possible. This includes “one time only” payments made to Program Loan Cost Expense vendors through the Foundation Financial Information System (FFIS). The requests for establishing Vendor Identification (VID) numbers using DCIA “one time payment” exemption are being rejected with instructions to establish EFT capabilities with FSA’s vendors. NFC performed a vendor payment analysis and found that approximately 4,000 vendors who were listed as EFT exempt for DCIA “one time payment” exemption had received more than 1 check within a 12 month period. Use of the “one time only” exemption must be evaluated considering payments issued by **all** USDA agencies, not just the FSA payment.

<b>Disposal Date</b>  January 1, 2006	<b>Distribution</b>  State Offices; State Offices relay to County Offices
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## Notice FI-2694

### 1 Overview (Continued)

#### B Purpose

This notice informs State and County Offices, who request use of the DCIA “one time payment” exemption, of stricter Agency guidelines. DCIA exemptions have not changed; however, State and County Offices will be required to provide justification to establish a vendor as EFT exempt for DCIA “one time payment” exemption. State and County Offices are required to submit this justification when requesting VID or the request will be denied.

State and County Offices are encouraged to:

- promote EFT’s for vendor payments
- assist vendors in updating banking information in the FFIS Vendor (VEND) table
- be proactive in establishing these accounts so that timely payments are not affected.

**Note:** DCIA EFT exemptions were created for unusual “hardship” type circumstances **only**.

#### C Contact

Direct questions about this notice to Lisa Randolph by email at [lisa.randolph@kcc.usda.gov](mailto:lisa.randolph@kcc.usda.gov).

## Notice FI-2694

### 2 NFC Initiatives to Increase Payments Made Through EFT by Vendors

#### A EFT Request Letter to Vendors

NFC performed payment analysis, identifying approximately 19,000 vendors who receive paper checks. These vendors received letters:

- explaining DCIA requirements
- requesting banking information
- detailing the Central Contractor Registration (CCR) system process
- on submitting banking information directly to NFC.

**Note:** These letters were mailed during the first week of March 2005.

#### B Treasury Check “Stuffers”

NFC is working with KCFO on including an insert in USDA’s check recipient’s envelope that explains:

- DCIA requirements of issuing EFT payments
- benefits of receiving payments by EFT.

**Notes:** Included is a form for vendors to complete for updating both FFIS vendor records and banking information.

This initiative will begin in the near future.

This notice informs State and County Offices that some vendors may request payments through EFT. FFIS VID should **not** change; however, State and County Offices may notice that the record has been updated with banking information. Vendors with active records that include banking information will receive payments through EFT.

**Note:** Review the VEND table before processing a TY document for all vendor payments to verify the method of delivery of the payment.