



DEPARTMENT OF THE NAVY  
NAVAL SUPPLY SYSTEMS COMMAND  
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TELEPHONE NUMBER  
COMMERCIAL  
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IN REPLY REFER TO:

4226.1  
Ser 21C2/9052  
SA99-09  
03 Feb 99

From: Commander, Naval Supply Systems Command

Subj: DEPARTMENT OF THE NAVY (DON) POLICIES AND PROCEDURES FOR  
ACCOMMODATION CHECK ACCOUNTS

Ref: (a) NAVSUP Policy Letter SA98-17  
(b) OUSD (C) memorandum #3 of 27 Mar 97  
(c) ASN (FMO) memorandum, Ser7000/FMO231 of 23 Sep 97

1. The following provides clarification of reference (a) and supplemental guidance for establishing "new" Citibank accommodation check accounts.

2. DON activities that anticipate establishing and operating accommodation check accounts should be aware that you must first have an active purchase card program in place prior to establishing an accommodation check account. The number of accommodation check accounts must be limited to **ONE** per DON location, not to exceed **ONE** per tenant activity or autonomous location.

3. When applying for a new accommodation check account, activities must also satisfy the following requirements.

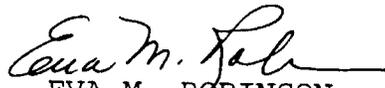
a. Prepare a letter signed by the Commanding Officer (CO) requesting establishment of a check account. The letter should fully justify the Command's requirement for establishing a check account. The requirement for a separate letter from the Resource Manager or Comptroller has been eliminated.

b. Obtain access to the Citibank website at [www.citibank.com](http://www.citibank.com) or [www.citidirect-gcs.com](http://www.citidirect-gcs.com) and enter the information required for setting up a check account. You must indicate "White plastic" and number of checkbooks desired. Print the completed form. Do not send it electronically to Citibank.

c. Forward the form along with the letter from the CO to Defense Finance and Accounting Service (DFAS-HQ-F), Headquarters, Attn: Ruth Ann Smith, via fax, 816-926-3302 or by mail to: DFAS-HQ-F, Attn: Ruth Ann Smith, Kansas City, MO 64197-0030. If you fax the forms do not mail hard copies. For questions call the DFAS POC, Ms. Smith, at 816-926-2774.

Subj: DEPARTMENT OF THE NAVY (DON) POLICIES AND PROCEDURES FOR  
ACCOMMODATION CHECK ACCOUNTS

4. The accommodation check issuing activity is responsible for **ALL** costs associated with the check program. In accordance with ref (b) all accommodation check accounts must be "BULK FUNDED. Regardless of the check amount there is a 1.25% fee for each check issued.
5. Activities are limited to appointing **ONE** accommodation check cashier. Activities fielding accommodation check accounts must ensure checks are safeguarded at all times and secured in a safe or locking cabinet. In accordance with reference (a), unannounced quarterly audits shall be conducted by an Officer or DOD Civilian independent from the office operating the accommodation check account.
6. The policies and procedures contained herein are not all inclusive. DON activities wishing to participate in the program must comply with all the requirements of reference's (a), (b), and (c).
7. Our DON point of contact regarding accommodation check accounts is Mr. Clay Welker who can be reached at 717-605-7502 or via the Internet clay\_w\_welker@navsup.navy.mil.

  
EVA M. ROBINSON  
By direction



DEPARTMENT OF THE NAVY  
NAVAL SUPPLY SYSTEMS COMMAND  
5450 CARLISLE PIKE  
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TELEPHONE NUMBER  
COMMERCIAL  
AUTOVON  
IN REPLY REFER TO:

4200  
Ser21C3/8206  
SA 98-17

APR 21 1998

From: Commander, Naval Supply Systems Command

Subj: DEPARTMENT OF NAVY POLICIES AND PROCEDURES FOR  
ACCOMMODATION CHECK ACCOUNTS

Encl: (1) ASN(FMO) Memorandum Ser 7000/FMO231 of 23 Sep 97

1. Enclosure (1) provides basic DOD and DON guidance on establishing and operating "Accommodation Check Accounts". Accommodation check accounts will be made available to DON activities that have successfully migrated to the Corporate Payment System (CPS) and can justify the need for an alternative procurement or payment method when the use of the purchase card has been found impracticable. All DON activities who wish to establish an accommodation check program are required to use the IMPAC Accommodation Check Program (except for Marine Corps activities now participating in the FEDSELECT Test Program).
2. The preferred method to affect micropurchases is the Governmentwide Commercial Purchase Card. Accommodation checks are provided as an alternatives to cash, third party drafts and U.S. Treasury Checks. Accommodation checks can ONLY be used after an activity has made every effort to use the purchase card.
3. DON activities that anticipate establishing and operating accommodation check accounts should be aware of several significant issues related to the use of the accommodation check products. They include;
  - a. The number of accommodation check accounts must be limited to ONE per DON location, not to exceed one per tenant activity or autonomous location.
  - b. Accommodation check accounts must be bulk funded in accordance with "Advance Reservation of Funds Policies" outlined in OUSD (C) memorandum of 27 March 1997, "Purchase Card Reengineering Implementation Memorandum #3: 'Streamlined Financial Management Procedures'"
  - c. Prior to establishing an accommodation check account, DON activities must have an active purchase card program in place.
  - d. The accommodation check issuing activity is responsible for ALL costs associated with the accommodation check program. Activities can pay for accommodation checks by either paying 1.5 percent of each check amount or pay an amount calculated on a fee schedule based on the check payment cycle.

Subj: DEPARTMENT OF NAVY POLICIES AND PROCEDURES FOR  
ACCOMMODATION CHECK ACCOUNTS

e. The maximum amount a check may be written for is \$2,500 (\$10,000 overseas in support of contingencies declared by the Secretary of Defense). Accommodation checks must be written for the exact amount of the requirement. Transactions SHALL not be broken down or split to keep checks below the \$2500 threshold.

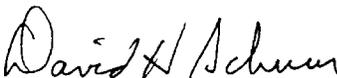
f. Activities are limited to appointing ONE accommodation check cashier who has the authority to sign and issue an accommodation check on behalf of the Government.

g. Activities fielding accommodation check accounts are responsible for the security of the check products. The accommodation check cashier must be provided a safe and locking cabinet for storage of accommodation check products.

h. Accommodation check accounts must be audited quarterly on an unannounced basis by an Officer or DOD Civilian independent of the office operating the check account.

4. Requests to establish accommodation check accounts must be justified in writing and approved by the Commander/Director of the installation or tenant activity. The requesting activity resource manager must indicate the method of payment for the accommodation check. The IMPAC Account Set-up Request, accompanied by the Commander/Director approval justification and the resource manager memorandum indicating the method of payment, must be submitted to the Deputy Director for Finance, Headquarters, Defense Finance and Accounting Service (DFAS-HQ-F) via the Office of Disbursing Management, DFAS-Kansas City, MO.

5. The policies and procedures contained herein are not all inclusive. DON activities wishing to participate in the program must comply with all of the requirements of enclosure (1).

  
DAVID H. SCHUUR  
By direction

Distribution:  
List "C"  
List "D"



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
1000 NAVY PENTAGON  
WASHINGTON, D. C. 20350-1000

7000  
FMO-231

23 SEP 1997

MEMORANDUM FOR DISTRIBUTION

Subj: PURCHASE CARD REENGINEERING IMPLEMENTATION MEMORANDUM #5:  
ACCOMMODATION CHECKS

Encl: (1) Department of Defense Policies and Procedures for  
Accommodation Checks

The Office of the Under Secretary of Defense (Comptroller) has issued Department of Defense (DoD) policy for the use of accommodation checks. Accommodation checks can be used as an alternative to imprest funds when the use of the International Merchants Purchase Authorization Card and travel charge card are not practical. Department of the Navy Commands are requested to ensure that the guidance provided by enclosure (1) is adhered to in day-to-day operations and incorporated into the design, modification, and maintenance of procurement and financial management systems.

Enclosure (1) provides the DoD accommodation check procedures. These procedures are effective immediately. Where there is a justified need for this product, your activities should follow the procedures outlined in the enclosure to request establishment of an accommodation check account.

My point of contact for this issue is Mr. Brian White at (202) 685-6734 or DSN 325-6734.

*C. C. Tisone*  
A. A. TISONE  
Director  
Office of Financial Operations

Distribution:  
(see next page)

Subj: PURCHASE CARD REENGINEERING IMPLEMENTATION MEMORANDUM #5:  
ACCOMMODATION CHECKS

Distribution:

AAUSN  
CMC  
CINCLANTFLT  
CINCPACFLT  
CINCUSNAVEUR  
COMNAVAIRSYS  
COMSPAWARSYS  
COMNAVSEASYS  
BUPERS  
COMNAVFACENG  
COMNAVSPECWAR  
COMNAVRESFOR  
COMNAVMETOC  
COMNAVSECGRU  
BUMED  
COMNAVSUPSYS  
DIRSSP  
ONI  
CNET  
ONR  
CNO (N09BF)  
COMNAVCOMTEL  
NAVSYSMGMTACT

[DoD Seal]

**Purchase Card Reengineering Implementation Memo #5****Accomodation Checks**

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF  
DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF  
DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES  
DIRECTOR, DEFENSE MANPOWER DATA CENTER

SUBJECT: Purchase Card Reengineering Implementation Memorandum #5:  
Accomodation Checks

The "Joint Report of the Purchase Card Financial Management Team and the Purchase Card Integrated Product Team to the Under Secretary of Defense (Acquisition and Technology) and the Under Secretary of Defense (Comptroller)" proposed the use of locally-issued checks as an alternative to imprest fund cash in those instances where use of the purchase and travel cards cannot satisfy the requirement.

The attachment to this memorandum promulgates the policies necessary to implement the use of locally-issued "accomodation checks" throughout the Department of Defense (DoD). These policies are applicable to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Combatant Commands; the Inspector General of the DoD; the Defense Agencies and the DoD Field Activities. These policies are effective as specified herein. The Heads of the DoD Components shall ensure that this guidance is adhered to in day-to-day operations and in the design, modification, and maintenance of the DoD Component's procurement and financial management systems.

My staff contact is Mr. Ronald D. Good. He may be reached at e-mail address: goodr@ousdc.osd.mil or leeb@ousdc.osd.mil or at (703) 697-0585 (DSN prefix 227).

// Signed //  
Alice C. Maroni  
Acting Under Secretary of  
Defense (Comptroller)

Attachment

[DoD Seal]

## Purchase Card Reengineering Implementation Memo #5

### Attachment

#### A. PURPOSE

To establish Department of Defense (DoD) policies for the use of accommodation checks.

#### B. APPLICABILITY AND SCOPE

These policies are applicable to the Office of the Secretary of Defense; the Military Departments; the Chairman of the Joint Chiefs of Staff and the Joint Staff; the Combatant Commands; the Inspector General of the DoD; the Defense Agencies and the DoD Field Activities (hereafter referred to collectively as the "DoD Components").

#### C. RESPONSIBILITIES

1. The Under Secretary of Defense (Comptroller) shall develop, administer, maintain, monitor compliance with, and grant exceptions (as appropriate) to all financial management policies for the use of accommodation checks.
2. The Heads of DoD Components shall implement, ensure compliance with, and recommend changes to these financial management policies for the use of accommodation checks.

#### D. BACKGROUND

1. The phased elimination of imprest funds for unclassified programs within the Department was announced on March 28, 1996. Effective October 1, 1996 (later extended January 1, 1997) the use of imprest funds was eliminated at DoD activities within the continental United States (CONUS) and, effective October 1, 1997, imprest funds also will cease to be authorized outside the CONUS.
2. Subsequent to the March 28, 1996, announcement, a number of DoD activities indicated that the total elimination of imprest funds hinges on the availability of a local check instrument to replace small cash payments. Thus, on September 10, 1996, for those activities within the CONUS that required a local check product, the effective date of imprest fund elimination was extended.
3. Several pilots of the Department of the Treasury "FedSelect: check product" were approved late in 1996 and early 1997 for testing within the Department by the Office of the Deputy Chief Financial Officer (ODCFO).
4. The General Services Administration concluded a contract modification with the Rocky Mountain BankCard System (RMBCS)/First Bank System (FBS) on February 21, 1997, thus making convenience checks available through the International Merchant Purchase Authorization Card (I.M.P.A.C.) program.

#### E. POLICIES

1. Electronic Funds Transfer: The preferred method for DoD payments is electronic funds transfer (EFT), and it shall be used to the maximum extent possible. The Debt Collection Improvement Act of 1996 mandates that all DoD payments be made via EFT, effective January 1, 1999.
2. Imprest Funds
  - a. The policy to eliminate imprest funds is based, in part, on the mandatory

EFT requirements enacted as part of the Debt Collection improvement Act of 1996. As a matter of policy, the Department does not support the continued use of cash payments from imprest funds.

- i. In lieu of imprest funds, maximum use shall be made of the governmentwide I.M.P.A.C. purchase card for micro-purchases of supplies and/or services and the travel card (i.e., an agency central billed account) for travel payments.
  - ii. The elimination of imprest funds in no way affect the authority of DoD disbursing officers and their designated agents to maintain cash holdings at personal risk.
  - iii. Exceptions to the above policy are authorized for contingency and classified operations. Specific requests for deviations from, or exceptions to, this policy shall be submitted to the ODCFO for consideration. Such requests must contain adequate justification and demonstrate that the use of the governmentwide purchase card, travel card, or other reasonable alternatives are not feasible for the specific situation.
- b. Generally, imprest fund cash is not to be replaced by the check products identified herein. The intent, in lieu of imprest funds, is to use the governmentwide (1) I.M.P.A.C. for purchases of supplies and services; or (2) travel card (currently American Express), to include agency centrally-billed accounts.
  - c. All DoD activities shall, to the maximum extent feasible, redirect their effort to finding imprest fund alternatives--such as the governmentwide purchase card and travel card (i.e., agency central billed account). Only after card product alternatives have been exhausted should a check be considered in place of imprest funds.
  - d. Exceptions to elimination of imprest funds shall be considered only on a case-by-case basis. Each DoD Component shall screen all requests for exception and, for those cases that warrant further consideration, separately justify the need (with alternatives examined) to the ODCFO through the respective Military Department Office to the Assistant Secretary (Financial Management and Comptroller) or the Defense Agency Comptroller, or equivalent. Such requests must contain adequate justification and demonstrate that the use of the governmentwide purchase card, travel card, or other reasonable alternatives are not feasible for the specific case.
3. accommodation Checks
- a. Although the preferred method of payment is via EFT, accommodation checks provide an alternative to cash, third party drafts and U.S. Treasury checks when the use of purchase or travel cards is not feasible. Accommodation checks eliminate the need for cash on hand for imprest fund transaction.
  - b. Accommodation checks give issuing DoD activities the flexibility to issue low volume and low dollar value payments on-site.
  - c. Accommodation checks shall be available at those DoD activities that identify a need to issue accommodation checks, in lieu of cash, where purchase and travel cards have proven ineffective.

- d. The minimum requirements to establish a local check-writing capability are as follows. (Note: Specific conditions for establishing accommodation checks are detailed in Section F, Procedures.
  - i. The use of accommodation checks must be considered advantageous to the DoD activity, after evaluating all alternatives to accomplish the same purpose.
  - ii. Before an accommodation check is used the paying agency must make every effort to use the purchase or travel card to make necessary purchases. Maximum efforts shall be made to find and use vendors that accept the purchase card (I.M.P.A.C.) as the primary payment vehicle, e.g., the use of electronic or telephone catalog ordering services coupled with overnight delivery.
  - iii. The authority to maintain a check-writing system (checkbook) shall be justified on an individual organization basis, and controlled and monitored by the DoD activity. Automated reports from the check providers are available to provide oversight.
  - iv. The number of checkbooks shall be limited to as few as possible, preferably one per DoD installation and not to exceed one per DoD tenant activity or autonomous location.
  - v. All organizations authorized to maintain accommodation checks also should hold an active (in good standing) purchase card before approval of an accommodation check account--although convenience checks must be maintained under a separate ("cardless") purchase card (I.M.P.A.C.) account number. An accommodation check cashier may hold an I.M.P.A.C. purchase card as long as separate accounts are maintained and the policies and procedures established herein are observed.
  - vi. Appropriate internal controls, to include at least one level of approval above the check writer (i.e., an approving official), shall be maintained by each using DoD activity.
  - vii. Each accommodation check account shall be audited quarterly on an unannounced basis, by an officer or equivalent DoD civilian employee who is independent of the office maintaining the account.
- e. DoD Component activities may adopt one of the following accommodation check products, upon appropriate justification and approval (see Section F, Procedures).
  - i. Purchase card convenience checks (issued under the I.M.P.A.C. program by RMBCS/FBS).
  - ii. FedSelect checks (currently available from the Chicago Financial Center, Financial Management Service (FMS), Department of the Treasury).
- f. Both of the check issuing organizations identified in paragraph E.3.e. above, offer using DoD activities "stop payment: and retrieval capabilities, as well as an audit trail that permits the tracing of transactions. Also, these issuing organizations offer "Help Desk" assistance and reporting capabilities with a variety of reporting media and frequencies.
- g. Each check product has distinct advantages and disadvantages associated

with its use, to include cost considerations. While the purchase card convenience check provides an expedient solution, additional fiscal controls and automations of the FedSelect check offer distinct advantages, as well. Each DoD activity is encouraged to evaluate both products and make a selection based on costs and other factors associated with its use.

- h. The Deputy Director for Finance, Headquarters, Defense Finance and Accounting Service (DFAS-HQ/F)--via its Office of Disbursing Management (located at the DFAS-Kansas City Center)--shall approve the establishment of accommodation check accounts, subsequent to request and justification by the sponsoring DoD activity. Upon request by the he DoD activity and approval by the DFAS, the DoD activity may adopt on of the following accommodation check products:
  - i. Purchase Card Convenience Check
    - a. Purchase card convenience checks currently are provided through the GSA contract for the governmentwide purchase card (currently I.M.P.A.C.) by the issuing bank--RMBCS/FBS. The implementing contract modification is reproduced at Appendix A (please call Lt. Chris Gray at (703) 607-3842 for appendices). The contract requires that RMBCS/FBS operate a convenience check writing system that allows DoD activities, including overseas locations (denominated in U.S. currency), to make selected minor purchases and payments using check in lieu of cash.
    - b. This product offers an alternative to cash for official expenses of DoD activities previously using imprest funds--after card products and other alternatives have been determined unusable. The Purchase card convenience checks shall not be issued for than \$1,000.00.
    - c. DoD purchase card convenience checks are supported from the FBS commercial purchasing system platform, which is being offered to the federal government as the "Corporate Payment System (CPS)".
    - d. DoD purchase card convenience checks shall be established as "cardless accounts" under the purchase card program.
    - e. The purchase card issuer will (1) provide a supply of checks to the designated convenience check account holder, (2) process and pay the checks as they are presented through the bank check clearing system for payment within established maximums and authorization parameters established by the sponsoring activity agency program coordinator (APC) for each individual account holder, (3) provide a listing of the checks cleared on each account holder's billing statement (invoice), and (4) provide for storage of cleared checks for audit and retrieval purposes.
    - f. The checks contain the following standard preprinted information: (1) "United States Government Seal", (2) the statements "I.M.P.A.C.," "For Official Use Only" and "U.S.



Information System at the FMS Chicago Financial Center as the cashier is updating his or her check register and printing the check. The value of the issued check is charged (debited) to the issuing DoD activity's Agency Location Code (ALC) through the Government On-Line Accounting Link System (GOALS) the following business day for the aggregate face value of the FedSelect checks written. As this charge is cleared through GOALS, a corresponding entry also must be made to record the disbursement into the agency accounting system in order to properly reflect clearance through the "Statement of Transactions: monthly reporting process.

- g. DoD activities are required to execute an agreement with the the FMS Chicago Financial Center under provisions of the Economy Act in order to receive authority to to issue FedSelect checks.
- h. FedSelect checks are customized with the DoD Component logo or seal, and DoD Component/activity address and telephone number. [Individual payee's name is not carried on the check instrument, thus permitting multiple authorized signatures.]
- i. The issuing activity can monitor outstanding and cleared checks through printed and on-line reports.

## F. PROCEDURES

### 1. Authorization for Accommodation Check Account

- a. Requests to establish accommodation checks first shall be justified (in writing) by the resource manager or commander/director of an installation or tenant activity. Delegations of authority to maintain and use accommodation checks shall be rendered (in writing) specific to the activity approving/certifying official, check custodian, and cashier by the activity commander/director as directed below. [Prior coordination with the the DFAS Office of Disbursing Management (located at the DFAS-Kansas City Center), telephone (816) 926-3198, and the servicing DFAS operating location is encouraged, especially for FedSelect checks.]
- b. Upon approval by the resource manager and/or commander/director, the request shall be submitted to the Deputy Director for Finance, Headquarters, Defense Finance and Accounting Service (DFAS-HQ/F\_, via the Office of Disbursing Management, DFAS-Kansas City Center, 1500 East 95th Street, Kansas City, MO 64197-001, for final approval. Within 20 days, the DFAS shall notify the requester of its approval to establish an accommodation check account.
- c. Requests disapproved by the DFAS that are deemed worthy of further consideration shall be referred to the ODCFO through the DoD Component headquarters senior financial management official for resolution.

### 2. Conditions for Establishing Accommodation Check Account

- a. Designation of Activity Approving/Certifying Official
  - i. The activity approving/certifying official may be any individual (i.e.

- officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DoD activity to authorize and certify the issuance of accommodation checks by cashiers.
- ii. In order to maintain effective internal controls, the activity approving/certifying official may not perform functions of accommodation check custodian or cashier.
  - iii. The activity approving/certifying official shall be held accountable and peculiar liable for the accuracy of the payments. [See "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures" for details of the "Payment Certification and "Delayed Dispute Procedures" processes.]
  - iv. In the case of purchase card convenience checks, the "I.M.P.A.C approving official (AO)" is the same as the activity approving/certifying official.
    - a. The activity approving/certifying official shall be designated as the billing (invoicing) official and shall receive and certify payment of the billing statement (invoice) to the appropriate paying activity (e.g., a DFAS operating location).
    - b. Also, I.M.P.A.C. convenience check accounts shall be established with approving/certifying official accounts separate from approving official accounts for purchase cards.
  - v. In the case of FedSelect checks, the "FedSelect authorizing issuing officer" is the same as the activity approving/certifying official.
- b. Designation of Accommodation Check Custodian
- i. The custodian may be any individual (i.e., officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DoD activity, or the activity's accommodation check approving/certifying official to order, receive, store, issue, inventory, reconcile and dispose of check stock. [Each DoD Component and/or activity has the discretion of identifying the minimum grade level for its check custodians.]
  - ii. Each accommodation check account shall be under the custody of on individual who is not responsible for origination g, approving, and processing the requirement for a check. An alternate custodian may be appointed with the same authorities as the principal custodian; however, the alternate is to act only in the absence of the principal.
  - iii. Both principal and alternate custodians, as applicable, may be held pecuniary liable for account transactions under their control.
  - iv. The accommodation check may perform the functions of the accommodation check cashier.
- c. Designation of Accommodation Check Cashier
- i. The cashier may be individual (i.e., officer, enlisted person, or civilian employee) who is appointed by the head of the issuing DoD activity, or the activity's accommodation check approving/certifying official to inscribe (print), sigh and issue checks. [Each DoD Component may establish a minimum grade

level for its accommodation check cashiers.]

- ii. The accommodation check cashier may perform the functions of the accommodation check custodian.
- iii. In the case of purchase card convenience checks, only one named person shall be designated as the accommodation check cashier, and have authority to sign and issue convenience checks.
- iv. An accommodation check cashier may hold an I.M.P.A.C. purchase card as long as separate accounts are maintained and the policies and procedures established herein are observed.
- v. In the case of the FedSelect checks, the accommodation check cashier is authorized to operate the remote microcomputer equipment to print FedSelect checks. Also, primary and alternate cashiers may be established for FedSelect checks.
- vi. Both primary and alternate cashiers, as applicable, may be held pecuniary liable for account transactions under their control.

d. Other Operating Conditions

- i. Accommodation check account shall be "bulk funded" in accordance with "Advance Reservation of Funds" policies delineated by the Under Secretary of Defense (Comptroller) memorandum of March 27, 1997, subject: "Purchase Card Reengineering Implementation Memorandum #3: Streamlined Financial Management Procedures."
- ii. Check amounts shall not exceed \$1,000 per check and always be issued for the exact payment amount, with a prohibition on splitting amounts across more than one check to keep below the \$1,000 limit.
- iii. Accommodation checks shall not be issued as an "exchange-for-cash" vehicle to establish cash funds.
- iv. Accommodation checks may be mailed, so long as internal controls are in place to avoid duplicate payments to payees.
- v. As appropriate, accommodation checks may be used for payments in overseas transactions up to \$2,500 in support of contingencies declared by the Secretary of Defense.
- vi. The issuing activity is responsible for all administrative costs associated with the use of accommodation checks. At DoD Component election, the costs associated with the purchase of accommodation checks may be (a) included in the bulk obligation and accounted for as part of the purchase price or (b) treated separately as an administrative cost of the issuing activity.

3. Methods for Establishing accommodation Check Accounts

- a. Upon DFAS approval, normal account set-up procedures shall be followed to establish the accommodation check account product with either the purchase card issuer or the FMS Chicago Financial Center.
  - i. Purchase Card Convenience Check: Appropriate application forms shall be completed and submitted through the DoD activity's existing purchase card hierarchical structure (channel), including approving official (AO) and APC. The application also shall include a copy of the DFAS and DoD activity/installation resource

manager or commander (director) approval documents. A separate check account holder and approving official must be identified for each purchase card check account. [Each check account shall be established separately from a purchase card account and the approving official of that account shall receive a separate invoice for convenience check accounts under his/her jurisdiction.]

- ii. FedSelect Check: DoD activities interested in establishing a FedSelect account should contact the FMS Chicago Financial Center at (312) 353-2064, to initiate implementation. DoD activities shall be granted authority by the FMS Chicago Financial Center to issue FedSelect checks by executing a FedSelect Agreement and associated application forms. The request also shall include a copy of the DFAS and DoD activity/installation resource manager or commander (director) approval documents.
  - b. Applications shall not be submitted directly to the check issuing organization (RMBCS/FBS or the FMS Chicago Financial Center) without first attaining the authorization/approval of the DFAS. All applications submitted to the issuing organization without attachment of the appropriate DFAS approval shall be returned without action by the issuing organization.
4. Conditions for Using Accommodation Check Accounts
- a. For accounts established with the purchase card issuer, agencies must maintain a current convenience check account status with no delinquencies, except for questioned items or items in dispute. Also, any entity under suspension of purchase card privileges automatically shall be suspended from use of the purchase card convenience check system.
  - b. Accommodation checks may be used for small purchases, when:
    - i. Supplies or services are available for delivery within 15 days whether at the contractor's place of business or at destination.
    - ii. The purchase does not require detailed technical specifications or inspection.
  - c. Accommodation checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations such as:
    - i. Delivery charges associated with the purchase made with an accommodation check when the contractor is requested to arrange for 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.
    - ii. C.O.D. charges for supplies ordered for payment with an accommodation check upon delivery.
    - iii. Civilian volunteers for participation in approved medical research projects.
    - iv. Travel advances when no disbursing official (DO) is available in the immediate area to effect payment, and the traveler does not have access to travel advance via automated teller machines through the

- government travel card.
- v. Local travel expenses (e.g., mileage allowance for travel in and around their permanent duty station not under travel orders) when no DO is available in the immediate area to effect payment.
- vi. Transportation charges (not related to purchases).
- vii. Payments to prisoners.
- viii. Transportation passes or tokens
- d. accommodation checks are prohibited from use for:
  - i. Payment of salaries and wages.
  - ii. Travel advances or any other advances except as authorized above;
  - iii. Payment of travel claims (except for claims for local travel not under orders, when a DO is not available in the immediate areas to effect payment as authorized above);
  - iv. Payment of public utility bills;
  - v. Purchase from contractors or contractor's agents who are military personnel or civilian employees of the government;
  - vi. Repetitive purchases from the same contractor when another method of purchase, such as a purchase card or blanket purchase agreement, would be more appropriate; or
  - vii. Payment of spot awards.

#### G. WAIVER PROCESS

1. The ODCFO may grant waivers to these policies (including higher dollar authority) for contingency operations and for exceptional circumstances.
2. Waiver requests for deviations from, or exceptions to, these policies shall be submitted for evaluation to the Military Department Office of the Assistant Secretary (Financial Management and Comptroller), the Defense Agency Comptroller, or equivalent. Waiver requests should be evaluated and approved or disapproved by the DoD Component Headquarters.
3. Waiver requests approved by the DoD Component Headquarters shall be submitted for consideration to the ODCFO. Such requests must contain adequate justification and demonstrate the need for a waiver or exception to the specific policy.

#### H. EFFECTIVE DATE AND IMPLEMENTATION

1. These policies are effective immediately. Both the purchase card convenience check and Treasury's FedSelect Check products may be established at this time.
2. The Heads of DoD Components shall ensure that these policies are adhered to in day-to-day operations and in the design, modification, and maintenance of the DoD Component's procurement and financial management systems.

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