



## **GSA SMARTPAY SMART BULLETIN**

### **U.S. GENERAL SERVICES ADMINISTRATION FEDERAL ACQUISITION SERVICE SMART BULLETIN NO. 012**

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#### **GSA SmartPay – Executive Branch Agency Reduction in Convenience Check Usage**

**EFFECTIVE DATE: From Issuance until superseded**

#### **INTRODUCTION:**

The Office of Federal Financial Management (OFFM) within the Office of Management and Budget (OMB), and GSA's Center for Charge Card Management (CCCM) began requiring customer agencies to reduce the use of convenience checks in FY2010. Agencies have done a tremendous job in reducing the number of checks written as well as the total dollar amount spent through convenience checks. However, the need to continue with convenience check reductions still exists. The amount each agency will need to consider reducing its use of convenience checks and convenience check spend will be announced during the first Quarterly Agency/Organization Program Coordinator (A/OPC) meeting of the new fiscal year. OCCM will continue to monitor the progress of this initiative and will report the results to agencies during each Quarterly A/OPC meeting in January, April, July and October. Results will also be provided to OMB/OFFM on a quarterly basis.

#### **BUSINESS LINE(S) AFFECTED:**

Purchase and Integrated (purchase)

#### **SUMMARY:**

1. The Debt Collection Improvement Act of 1996, 31U.S.C. 3332, requires that, subject to the authority of the Secretary of the Treasury (Secretary) to grant waivers, all Federal payments (other than payments under the Internal Revenue Code of 1986) made after January 1, 1999, must be made by electronic funds transfer (EFT). It is Treasury's view that a payment made by a third-party draft or **convenience check** in this manner is a Federal payment, and therefore must be made by EFT unless a waiver is available. The fact that third-party drafts and convenience checks are not drawn against an account of the United States Government does not exclude them

from the category of Federal payment. EFT may be waived under the following circumstances:

- a. Hardship to an individual;
- b. Payment in a foreign country where EFT is not available;
- c. Payments in a disaster area.
- d. National emergency declared by the President or Congress;
- e. Where a threat may be posed to national security;
- f. (one-time non-recurring) payment and the cost of making the payment via electronic funds transfer exceeds the cost of making the payment by check\*;
- g. unusual and compelling urgency

\*In calculating the cost of making a payment, the agency may consider the administrative cost of processing a purchase order and making payments on the order.

2. CCCM recognizes use of convenience checks with certain merchants or in unique circumstances may be unavoidable. However, due in part to the issues listed below, one of the hallmarks of a well managed charge card program is to maximize card use while reducing check use. Using convenience checks has the following disadvantages:
  - a. Refund rates on check transactions are generally much lower than purchase card transactions.
  - b. Internal controls and management data are less robust; and
  - c. Checks are less environmentally responsible
3. Agencies shall take the following actions to reduce convenience check use whenever practical and possible:
  - a. If convenience checks are being written to a merchant where there is also purchase card activity, discontinue use of convenience checks with that merchant.
  - b. For merchants that do not accept the purchase card, find and use alternate merchants that do accept the purchase card and can provide the same or similar products/services whenever possible.

**ACTION:**

Executive agencies shall continue to take appropriate action to reduce the quantity and total dollar amount of convenience checks written. This reduction is not intended to adversely affect mission accomplishment. Agencies may continue to use convenience checks when mission needs require it in conformance with DCIA and OMB Circular A-123, Appendix B, Chapter 12.

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