

FAS-DE/ANAA

Aug 29 1997

MEMORANDUM FOR DIRECTORS, OPERATING LOCATIONS, DFAS-DE
DEFENSE ACCOUNTING OFFICERS, DFAS-DE
DIRECTOR, FINANCE AND ACCOUNTING OPERATIONS, DFAS-DE

SUBJECT: Integrated Accounts Payable System (IAPS) Bulletin 91,
Electronic Funds Transfer - Corporate Trade Exchange
(CTX) Implementation Procedures

The IAPS now provides the capability for either Cash Concentration or Disbursement Plus (CCD+) or Corporate Trade Exchange (CTX) payment remittance/advice going to either a Financial Institution (FI) or Value Added Network (VAN). This is just in time to implement the mandatory EFT portion of the Debt Collection Improvement Act of 1996 (DCIA). Desk procedures are being sent under a separate cover.

Implementation of the CTX payment method will require additional information to be received from the vendor. To accommodate this information, the ACH Vendor/Miscellaneous Payment Enrollment Form (SF 3881) has been replaced. The new Vendor EFT Registration Form (undated) satisfies the requirements for financial information and establishes the vendor profile. The vendor profile provides necessary information to forward payment to the financial institution as well as addendum information to a VAN.

While you continue to aggressively market EFT, we ask that you inform your vendors that we now have the capability to provide an Electronic Data Interchange (EDI) 820 Payment Order/Remittance Advice.

To convert existing vendors to the new form, you should review your bulk secured file of SF 3881's and note the vendors who previously marked CTX as the ACH Format. These vendors should have been originally informed that by selecting this method, they would be converted from CCD+ to CTX when available. We would like to target these vendors first. Send a revised form to the vendor for completion. We suggest you use a cover letter explaining the changes (see the attached sample).

At the present time, do not attempt to convert Rocky Mountain Bankcard for IMPAC invoices to the new payment method. After our office receives the enrollment form from Rocky Mountain/FirstBank, we will provide each location a copy. Further guidance for IMPAC will be issued at a later time.

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Once you have sent the forms to the previously mentioned vendors, continue the process by sending out the new form to all remaining vendors in your bulk file. Use the sample letter to explain the new capability that we now offer.

Updated information on these new procedures will replace the current guidance on the DFAS-Lane World Wide Web (WWW) page for our vendors to access. The Internet address is "<http://www.dfas.mil/money/vendor/eft.htm>".

Detailed procedures are also included as an attachment for handling and processing CTX payments. These are for internal use only. Do not forward this information to vendors or other agencies as their policy may differ.

Again, we stress that EFT payments in the IAPS can only be made when using regular IAPS. At this time, the Manual Voucher process within IAPS has not been programmed to accommodate EFT. Also, payments using pseudo vendors (*i.e. Legal Claims*) cannot be made via EFT as data elements passed to the Disbursing system will not reflect the proper payee name. **Do not attempt to make EFT payments using the Manual Voucher process or pseudo vendors.** This capability will be developed into the IAPS as soon as Year 2000 changes are completed (estimated Nov 98).

Our points of contact are TSgt Robert Sanford or Ms. Barbara Norris, DFAS-DE/ANAA, (303) 676-7774, DSN 926-7774, or email: rsanford@cleveland.dfas.mil or blnorris@cleveland.dfas.mil respectively.

(signed)
Mattie L. Clemens
Chief, General Procedures and
Systems Division



(YOUR LETTERHEAD)

DFAS-{Your Location}
Street Name
City, State Zip Code

Company Name
ATTN Line
Street Name
City, State Zip Code

Dear Vendor,

The time has come for DFAS-DE to fully implement the mandatory Electronic Funds Transfer (EFT) portion of the Debt Collection Act of 1996 (DCIA). Depending on when your contract was issued, EFT payment method may be mandatory. All contracts issued on or after July 26, 1996 are subject to the mandatory EFT provision of the DCIA. By January 1, 1999 all government payments should be EFT.

Changes to our Accounts Payable & Disbursing systems now enable us the capability to provide you an Electronic Funds Transfer (EFT) payment in either Cash Concentration or Disbursement Plus (CCD+) or Corporate Trade Exchange (CTX) with related payment remittance/advice to your Financial Institution (FI) or Value Added Network (VAN).

As you already realize, receiving your payments electronically offers an immediate cash-flow benefit. We realize by offering a CTX format, you will be better able to identify the payments we make. With CTX, we can now provide an Electronic Data Interchange (EDI) 820 Payment Order/Remittance Advice (820) in the 3050 Version.

CCD+ offers a single addendum record to be passed to your FI while CTX will allow for more addendum information to be passed to either the FI or VAN. The CTX format structures the remittance information according to EDI standards which facilitates the ability to process the information directly into your accounting system.

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To assist your company in identifying payments received from us, we can include EDI addendum information with each payment sent to your FI using the CTX and EDI 820 transaction set. This addendum information contains accounting or payment information [e.g., invoice number, discount terms]. You should make arrangements with your FI on how and when the addendum information will be provided to your company. Any cost associated with this remittance/advice is your responsibility. We will use the ACH payment format of your choice (CCD+ or CTX) to transmit your payments and addendum information.

You may have or will soon receive EFT Notification letters from us. These letters contain a new Vendor EFT Registration Form which is required to establish a vendor profile for you. This form replaces the SF 3881, ACH Vendor/Miscellaneous Payment Enrollment Form. Another copy is enclosed in case you haven't received it. The form must be filled out and mailed to our payment office. This form will provide us with additional required information pertaining to where you want the addendum information sent. If you have previously completed the SF3881, we apologize for any inconvenience.

We have filled in the Federal Agency Information section of the form. Please complete the Company Information section of the form and have your FI complete the Financial Institution Information section. Return the original completed form to the agency address above.

Again, thanks! If you have any questions concerning this change, please do not hesitate to contact us. Our EFT point of contact is {Local Point of Contact name and Commercial Phone Number}.

Sincerely,

Signature of Director/DAO

{Enclosure}

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Instructions/Procedures for Handling & Processing CTX Payments**

The Vendor EFT Registration Form, received from the vendor, will be used to create Trading Partner profiles with the translator service provider.

Complete the Federal Agency Information section of the new form. If the vendor has multiple vendor codes in the database, complete the Vendor ID # (VID) information, including the 2 position site code, upon receipt of the form from the vendor. At that time, make enough copies of the form to accommodate the number of vendor codes you have.

Upon receipt of the completed form from the vendor, determine ACH Format requested. The vendor should have chosen one of the following options:

Option A (CCD+)

-- If the Format is CCD+, use the current procedures to notify your Data Entry Technicians/Voucher Certifiers and update your bulk secured file.

In IAPS, update the Pay Method to "E" using the Contract Maintenance Screen. During invoice input, ensure the Address-1 field contains the vendor's bank routing number and City field contains the vendor's account number.

Option B (CTX - Addendum Info via VAN)

-- If the Format is CTX and the Split EDI Remittance Advice Requested is YES, the vendor prefers the addendum information to be sent back to their company through the use a Value Added Network (VAN). It is very important that a copy of this form be sent by fax to the office providing the translation service.

--- The translating service does not need accounting and routing data. To ensure security of the financial data (account number & routing number) you are required to fold back the Financial Institution Information section of the form and make a copy. This measure will be strictly

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enforced to protect and secure the vendor's financial data. Send this copy to the translator service provider.

Please fax the information to the following:

HQ SSG/ENS
Attn: Marty Ladner
Fax Number (DSN) 596-3275 Comm (334) 416-3275
Phone Number (DSN) 596-5974 (334) 416-5974

To ensure the vendor profile information is received by SSG, use a transmittal letter with a total count of profiles being sent. SSG will confirm receipt of the profiles. DFAS-DE/ANAA is currently developing a database program to extract new profile information which needs to be forwarded to SSG. Further guidance on this program will be at a later date.

After the translator service provider has been notified, file the original registration form in the bulk file and use the current procedures to notify your Data Entry Technicians/Voucher Certifiers of EFT enrollment.

Please Note: New or revised profiles for trading partners will be available within 24 hours (or the next business day) following receipt by the translating service.

In IAPS, update the Pay Method to "X" using the Contract Maintenance Screen. During invoice input, ensure the Address-1 field contains the vendor's bank routing number and City field contains the vendor's account number. The Address-2 field must contain either "22" for checking or "32" for savings. You can determine this by looking at the Account Type on the registration form. The third position of this will be a "P". This indicates the addendum information will be sent to the vendor via a VAN.

Option C (CTX Addendum data to FI)

-- If the Format is CTX and the Split EDI Remittance Advice Requested is No, the vendor prefers the addendum information to be sent to the Financial Institution (FI) along with the payment.

In IAPS, update the Pay Method to "X" using the Contract Maintenance Screen. During invoice input, ensure the Address-1

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field contains the vendor's bank routing number and City field contains the vendor's account number. The Address-2 field must contain either "22" for checking or "32" for savings. You can determine this by looking at the Account Type on the registration form. The third position of this will be a "X". This indicates the addendum information will be sent to the FI.

Reject Processing

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Disbursing will be notified automatically in the event a transaction can not be processed due to an undefined trading partner code. When this occurs, fax a copy of the trading profile to SSG for immediate re-processing. Indicate on the transmittal that the profiles being sent are for rejected transactions.