



Treasury Financial Manual

Bulletin No. 2004-02

Volume I

Retention: October 31, 2004

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Federal Agency Postage Payments to the U.S. Postal Service (USPS)

1. Purpose and General Policy

This Treasury Financial Manual (TFM) bulletin notifies Federal program agencies (FPAs) that by December 31, 2003, they must use electronic funds transfer (EFT) mechanisms or the Intra-governmental Payment and Collection (IPAC) System for payments to the USPS for postage. The Department of the Treasury (Treasury), Financial Management Service (FMS), has established these payment mechanisms to maximize funds held in the Treasury account and to eliminate the use of Treasury checks or cash for postage payments. FPAs using commercial practices in accordance with the General Services Administration (GSA) Federal Mail Regulation Interim Rule (41 Code of Federal Regulations (CFR) Parts 101-9 and 102-192), as amended, will use EFT for postage payments. FPAs having large, centrally managed mail programs and using the USPS Official Mail Accounting System (OMAS) will use IPAC for postage payments. Agency field locations that purchase postage from local post offices will use credit cards or debit cards. Under limited circumstances, agency field offices also may use convenience checks but should avoid using cash or Treasury checks at all times.

The USPS generally requires payment for postage before it is used. This practice may necessitate that agencies prepay large dollar amounts for various types of postage. Agencies should exercise sound cash management principles that will allow them to efficiently manage their postal needs while maintaining funds in the Treasury for as long as possible. Additionally, postal prepayments must be made to USPS bank accounts. Prepayments may not be held outside Treasury in postal vendor accounts, unless the agency has statutory authority to do so or it has received prior written approval from FMS.

2. Authority

Pursuant to Sections 3302 and 3332 of Title 31, United States Code (U.S.C.), 31 CFR Parts 206 and 208, and other authorities (see for example, 31 U.S.C. 321 and 3720), the Secretary of the Treasury establishes policy for efficient and effective cash management practices for executive agencies' disbursement, collection, and deposit mechanisms, principally through the required use of EFT methods.

3. IPAC Procedures for Federal Mail Program Payments

FPAs having large, centrally managed mail programs and using the USPS OMAS will use IPAC to make their payments to the Postal Service. IPAC provides FPAs with a standardized interagency fund transfer mechanism. IPAC facilitates the intragovernmental transfer of funds, with descriptive data, from one FPA to another.

The IPAC procedures are as follows:

- Agencies must provide USPS with an estimate of the expected postage costs under OMAS by month or a single amount for the entire fiscal year by September 15 each year.
- USPS will collect the monthly budget amount or one-twelfth (1/12) of the annual amount via IPAC each month.

At fiscal yearend, USPS will reconcile the annual budget amount with the actual postage used in the OMAS and will settle any differences through IPAC.

4. EFT Procedures for Commercial Federal Mail Program Payments

FPAs using commercial mail processes in accordance with GSA's regulation will use Automated Clearing House (ACH) credits for postage payments to the USPS unless meeting the specific criteria outlined in paragraph 5 below. Agencies will use ACH credits for payments when using the USPS Centralized Account Processing System (CAPS) and Postage Meter services. The Debt Collection Improvement Act of 1996 requires the use of EFT for all payments, with the exception of tax refunds, made by Federal agencies. This includes Federal agency payments that are disbursed by FMS and those agencies with delegated or statutory disbursing authority. Additionally, the act applies to recurring and nonrecurring payments and appropriated and nonappropriated disbursements.

The ACH credit procedures are as follows:

- USPS and FMS will provide FPAs with the appropriate EFT payment-related information to identify the USPS receiving financial institutions.
- The FPAs will authorize an ACH credit transaction and use the correct ACH format in their payment instructions. FPAs will format addenda records correctly so that USPS can post accounting information to the correct agency accounts. If agencies use incorrect ACH formats or information in their payment instructions or addenda records, money can be misapplied or not applied to agencies' accounts, resulting in agencies not receiving their postage.
- Treasury-disbursed agencies will send their payment files for processing to the FMS Regional Financial Center that services them.
- Non-Treasury-disbursed agencies will send their payment files for processing to the Government Financial Center that services them.

5. Procedures for Commercial Federal Mail Program Payments at Remote Post Office Sites, for Internet Postage Payments, and for Purchases Under \$1,000

Certain agency field offices purchase postage at local post offices that are not connected to the USPS CAPS database or USPS products not available through CAPS. These field offices will use authorized Federally issued credit and personal identification number (PIN)-based debit cards to purchase postage and pay for other postal services. Agencies may use convenience checks to purchase postage in remote post office facilities that have no telephone or Internet capabilities to process PIN-based debit cards or credit cards, or where it is not practical to present a card in person.

FPA's will use Federally issued credit cards or offline debit cards for purchasing postage from USPS through the Internet.

6. Guidance for Reporting to Treasury

USPS and FPA's will follow the IPAC procedures outlined in I TFM 6-4000 for billing/collection and payment of intragovernmental transactions. Use I TFM 6-8000, subsections 8030.20 and 8040.10 for cash management guidelines.

Both Treasury-disbursed and non-Treasury-disbursed agencies will follow the respective procedures outlined in I TFM 4-1000 and I TFM 4-2000 for initiating ACH credit payments to the financial institution serving as the collection agent for USPS.

7. Effective Date

Immediately.

8. Inquiries

Direct all questions regarding IPAC and IPAC TFM guidance to a representative listed at <http://fms.treas.gov/goals/ipac/contacts.html>.

For Treasury-disbursed agencies, direct questions concerning scheduling payments to the agency's servicing FMS Regional Financial Center listed at <http://fms.treas.gov/tfm/vol1/v1p4c100.txt>.

For questions concerning GSA and Postal Service guidance on paying for postage, see <http://www.gsa.gov/mailpolicy>.

Direct other questions regarding this bulletin to representatives of Federal Finance, Program Assistance Division. See the following Web site address for contact names, telephone numbers, and e-mail addresses: <http://fms.treas.gov/eft/liaison.html>.

A handwritten signature in black ink, appearing to read "Richard L. Gregg". The signature is fluid and cursive, with a prominent initial "R" and "G".

Date: October 21, 2003

Richard L. Gregg
Commissioner