



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
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MAR 3 - 2000

MEMORANDUM FOR DISTRIBUTION

Subj: MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) AND CENTRAL
CONTRACTOR REGISTRATION (CCR)

Encl: (1) OUSD(AT&L)DP/CPF memo dtd January 14, 2000
(2) EFT/CCR RECOMMENDATIONS

Effective 1 February 2000, with limited exceptions, the Defense Finance and Accounting Service (DFAS) Centers and Operating Locations were directed to charge the Department of Defense (DoD) contracting components processing fees for various additional actions required by activity/contractor non-compliance with the mandatory EFT and CCR requirements.

Enclosure (1), which provides DoD guidance to help mitigate the impact of DFAS's actions on your activities, is forwarded for your information and appropriate action.

Enclosure (2) is provided to help reduce the occurrence of these CCR/EFT non-compliance charges. DFAS metrics on EFT compliance will be delivered to the DoD components by the end of March to assist in the identification of problem areas in the processing of contract award information and invoices at DFAS. As soon as the metrics are received by OASN(RDA)ABM, we will forward them to you.

If you have any comments or questions concerning CCR and/or EFT, please contact Ms. Jennifer Schultz, 703-602-9948, schultz.jennifer@hq.navy.mil. Please ensure the widest dissemination and implementation of the enclosures.

Paul P. Buonaccorsi
Executive Director
Acquisition and Business
Management

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ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

January 14, 2000

DP/CPF

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY
(ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Mandatory Electronic Funds Transfer (EFT) and Central
Contractor Registration (CCR)

The Under Secretary of Defense (Comptroller) recently issued the attached memorandum that requires the Defense Finance and Accounting Service (DFAS) take certain actions to improve the implementation of EFT payments to contractors/vendors. Effective February 1, 2000, the memorandum mandates that DFAS:

- Return to the contracting office for modification any non-exempt contract that does not contain the mandatory EFT clause when the contractor is not registered in CCR. DFAS will charge the DoD component a processing fee equal to the cost for processing a payment.
- Notify contractors who are not registered in CCR of the applicable EFT/CCR requirements when their invoices are not exempt from EFT requirements and do not contain information necessary to make EFT payment. In addition to the notification, they will charge the DoD component a processing fee for this notification.
- Charge the DoD component an additional processing fee:
 1. For each payment not made by EFT when the contract does not contain the appropriate EFT clause and the contractor refuses to comply voluntarily; or
 2. For each payment when the contractor is not registered in the CCR, the contract does not require registration, and the contractor does not comply voluntarily.

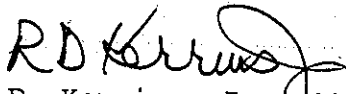
The following information and guidance is provided to help mitigate the impact of these actions on your activities.



Enclosure (1)

- DFAS statistics indicate that the following vendor pay systems account for the majority of non-EFT payments:
 1. CAPS/CCD systems - Army/Army National Guard
 2. IAPS - Air Force
 3. STARS/One Bill Pay systems - Navy
- If the contractor is registered in CCR, DFAS considers this sufficient to allow them to pay by EFT and the penalty charges will not apply.
- Only new contracts are subject to return if they are not exempted from EFT requirements, they do not contain the mandatory EFT clause, and the contractor is not registered in CCR.
- When a contract is exempted from EFT, I recommend buying activities ensure the DFAS payment office is made aware of this exemption when the contract is distributed.
- For invoices that are not exempted from EFT, prompt action by buying offices to ensure all contractors are registered in CCR can avoid the assessment of charges for check payments.
- If DFAS makes a check payment to a contractor and the buying activity determines that the contractor is registered in CCR, the activity should immediately communicate this information to DFAS to avoid the assessment of an erroneous charge.
- For invoices that are exempted from EFT requirements, I recommend that buying activities ask contractors to note this exemption on their invoice to avoid the assessment of an erroneous charge.

My point of contact for questions related to this policy is Mr. Bob Bemben, (703) 695-9764, bembenrj@acq.osd.mil.


 R.D. Kerrins, Jr., COL, USA
 Acting Director, Defense
 Procurement

Attachment:
As stated



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

DEC 30 1999



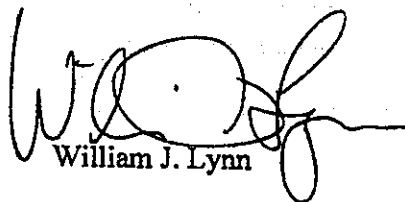
MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL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

SUBJECT: Mandatory Electronic Funds Transfer and Central Contractor Registration

"The Debt Collection Improvement Act of 1996" (Public Law 104-134) requires that payments to contractors/vendors be made via Electronic Funds Transfer (EFT) effective January 1, 1999. To implement this statutory requirement, the Department of Defense (DoD) developed appropriate contract clauses requiring payment by EFT and mandating registration in the Central Contractor Registration (CCR) database. At the same time, a notification program for contractors/vendors was put into place to help better ensure that current, as well as potential future, contractors/vendors, were aware of these requirements.

In addition to being required by statute, the use of EFT as a payment vehicle is one of the keys to improving finance and accounting services and reducing related costs within the Department. While we have made substantial progress in implementing EFT payments, additional effort is required to fully achieve the Department's goals. Therefore, I have instructed the Defense Finance and Accounting Service to return contracts and invoices that are not in compliance with current requirements, along with a request for corrective actions, effective February 1, 2000 as well as to take other specific actions. Those actions are addressed in the attachment to this memorandum.

The use of EFT payments to contractors/vendors, and the registration of contractors/vendors in the CCR should not continue to be delayed. It is incumbent on all of us to expeditiously implement these requirements. Your assistance and cooperation in this matter is greatly appreciated.


William J. Lynn

Attachment

ATTACHMENT

ACTIONS THAT DFAS HAS BEEN DIRECTED TO TAKE
EFFECTIVE FEBRUARY 1, 2000
FOR CONTRACTS/INVOICES THAT DO NOT COMPLY WITH
ELECTRONIC FUNDS TRANSFER (EFT) AND/OR
CENTRAL CONTRACTOR REGISTRATION REQUIREMENTS

1. Effective February 1, 2000, when contracts that are not exempted do not contain the required clause providing for payment to be made by EFT, and the contractor/vendor is not registered in the Department's Central Contractor Registration database, the Defense Finance and Accounting Services is directed to take the following actions:

--Return, the contract to the contracting office. The contracting office will be: (1) advised that the contract does not comply with EFT and CCR requirements, (2) requested to amend the contract to include the appropriate EFT clause or require the contractor to register in the CCR, and (3) asked to expedite this action so as to minimize any potential for a delay in payment. A copy of such notification will be sent to the contractor/vendor involved.

--Charge, the DoD Component involved, an additional amount for each contract that is returned as a result of not containing appropriate EFT clause for contractors not registered in the CCR. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--If a particular contracting office repeatedly fails to include such clauses, notify the senior acquisition and the senior financial management manager in the applicable Component involved of the contracting office's repeated failure to comply with EFT and CCR requirements.

--Pay interest amounts, as applicable, on any payments delayed beyond 30 days as a result of returning a contract for modification to comply with EFT and CCR requirements. Such interest payments will be charged to the applicable DoD Component involved.

2. Effective February 1, 2000, when invoices that are not exempted do not contain appropriate information providing for payment to be made by EFT, and the contractor/vendor is not registered in the Department's Central Contractor Registration database, the Defense Finance and Accounting Services is directed to take the following actions:

--Notify the contractor/vendor of applicable EFT and CCR requirements and request voluntary compliance. Send a copy of the request to the applicable contracting office.

--Charge the DoD Component involved an additional amount for each such notification to a contractor/vendor. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--If a particular contractor/vendor refuses to comply or initiates or threatens litigation, the DFAS shall pay the contractor/vendor and notify the applicable acquisition manager of the vendor's

unwillingness to comply with EFT and CCR requirements and request that appropriate clauses be inserted in all existing and future contracts with that contractor/vendor.

--Charge the DoD Component involved an additional amount for each payment made by means other than EFT, if the applicable contract does not contain appropriate clauses providing for payment by EFT and the contractor does not comply voluntarily. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--Charge the DoD Component involved an additional amount for each payment where the contractor/vendor is not registered in the CCR in accordance with DoD policies if the applicable contract does not require such registration and the contractor does not comply voluntarily. The amount to be charged will be equal to the amount charged for processing a payment for a contract.

--Pay interest amounts, as applicable, on any payments delayed beyond 30 days as a result of requesting a contractor/vendor to comply with EFT or CCR requirements. Such interest payments will be charged to the applicable DoD Component involved.

EFT/CCR RECOMMENDATIONS
OASN (RDA) ABM

- 1) Ensure that, unless an exception applies, vendors are registered and noted as "active" in the CCR database (www.ccr2000.com) prior to award of a contract, basic agreement, basic ordering agreement, or blanket purchase agreement. If the registration expires in less than two (2) months, ask the vendor to renew the registration. All vendors must maintain an "active" status in the CCR database in order for DFAS to make payments from the EFT data.
- 2) On every post-award contract action -- delivery orders and modifications (including modifications to exercise options) -- follow the guidance in Point 1 for verifying that a vendor is "active" in CCR.
- 3) Unless exempted, ensure that all contracts have mandatory CCR (DFARS 252.204-7004) and EFT (FAR 52.232-33) clauses. When modifying a contract that does not already have these clauses include them in the modification and notify the contractor of the CCR registration requirement.
- 4) The CAGE Code, DUNS Number, and address of the vendor receiving the award must match the CCR information; however, the vendor's remittance address does not have to match the CCR address (see "CCR Handbook" at www.ccr2000.com).
- 5) Ensure that all award documents have the correct and required codes (CAGE Code, Issued By Office Code, Payment Office Code, Administered By Code, etc.) -- incorrect information will result in misdirected documents and an inability for DFAS to pay invoices by EFT.
- 6) In cases where an exception to being registered in CCR prior to award applies, work with the vendor as well as the cognizant ACO and DFAS offices to make arrangements for EFT payment.
- 7) Inform DFAS of EFT/CCR-exempted contracts/vendors.
- 8) Ask vendors to include EFT information on invoices to ensure fast payment (lessens potential DFAS charge to activity) and to note "EFT/CCR-exempted" on invoices, when applicable.
- 9) Inform DFAS if it erroneously returns a contract action or makes a check payment when the contractor was properly registered in CCR.
- 10) Remind vendors that failure to renew their registration annually in CCR will result in payment delays. It will also cause the DoD contracting component to be charged for DFAS administrative corrections.

- 11) Work with your Financial Management community as well as with those who certify invoices to notify them that a vendor must be "active" in CCR at the time of invoice certification. Follow the guidance in Point 1 for verifying that a vendor is "active" in CCR.
- 12) Include CCR and EFT information in SYSCOM training for Contracting Officer Representatives.
- 13) In order to minimize PALT increases as a result of the CCR mandate, select a site point of contact for CCR assistance and questions who can help to speed up the process of registering vendors as well as monitoring a list of vendors "pending registration" in CCR. When providing assistance, encourage all vendors to verify all account and routing numbers with their financial institution.
- 14) All Federal Supply Schedule (FSS) contracts contain the appropriate General Service Administration (GSA) clauses for EFT (FAR 52.232-33) and CCR (I-FSS-598) (see below); therefore, vendors are on notice that CCR applies to all GSA orders. Contracting activities may re-state these clauses by reference in the actual order. If the vendor states that either the EFT (FAR 52.232-33) or CCR (I-FSS-598) clause is missing from the FSS contract, please contact the GSA Contracting Officer to request a modification (<http://pub.fss.gsa.gov/acquisitionCenters.cfm>).

I-FSS-598 CENTRAL CONTRACTOR REGISTRATION (CCR) (OCT 1999)

To receive orders from the Department of Defense (DoD) contractors must be registered in the DoD CCR database (registration information is available at <http://www.ccr2000.com>). The CCR database is DoD's primary repository for contractor information required for the conduct of business with DoD. This requirement does not apply to purchases made with a Governmentwide commercial purchase card. (Refer to clause I-FSS-600, Contractor Price Lists, for additional information regarding CCR.)

- 15) For all orders placed against non-GSA contract vehicles, confirm that the appropriate CCR and EFT clauses are included in the basic contract or reference them on the order.
- 16) There is no CCR exception for utility companies or common carriers under Government Bills of Lading. Because DFAS's vendor payment system can not yet interface with many of these vendors' disbursing systems, payments to these vendors will not be made via EFT. DFAS is working to resolve this problem. As a result of these circumstances, contracts with these vendors will not be returned by DFAS for failure to comply with the EFT payment mandate.