

August 28, 2001

ELECTRONIC FUNDS TRANSFER (EFT) AND IMPREST FUND

1. PURPOSE: This Veterans Health Administration (VHA) Directive provides the guidelines for waiving certain payments from the Electronic Funds Transfer (EFT) Rule requirements based on the Department of Veterans Affairs (VA) Office of Financial Management (OFM) Bulletin 99GC1.03 and Office of Finance (OF) Bulletin 00GC1.02; and the appropriate action to follow once a waiver is granted.

2. BACKGROUND: The Department of Treasury and VA Policy require EFT for all payments unless a waiver justification has been provided. EFT information on requirements and waivers is contained in the EFT Rule found at Title 31 Code of Federal Regulations (CFR) Part 208, and in VA OFM Bulletin 99GC1.03. Treasury also requires the elimination of cash payments unless the payment qualifies for both an EFT waiver and an Imprest Fund Waiver. Information on waiver requirements for cash payments is contained in Treasury's Imprest Fund Policy Directive and VA's OF Bulletin 00GC1.02. With this Directive, VHA is providing instructions and authorization for medical facility Directors to exempt certain types of payments from EFT. However, VHA must emphasize that waivers shall be granted only in very specific and limited circumstances in order to enforce EFT policy by ensuring that payments are made via EFT whenever feasible. Every effort should be made to enforce EFT as the preferred method of payment, and cash or convenience checks should be used only when circumstances do not allow payment by EFT.

a. EFT Waiver Requirements

(1) Individuals and sole proprietorships are entitled to EFT hardship waivers. Under the hardship waiver, the requirement to issue payments by EFT is waived if an individual determines, at the individual's sole discretion, that payment by EFT would impose a hardship due to one of the following reasons: financial hardship; physical or mental disability; geographic, language, or literacy barrier. Meeting this requirement alone justifies waiving the EFT rule for such payments as beneficiary travel and Personal Funds of Patients (PFOP), and VA cannot require EFT payment if the individual requests non-EFT. However, EFT payments should be encouraged even in these cases whenever feasible.

(2) The EFT requirement is automatically waived for all individuals who receive a Federal benefit, wage, salary, or retirement payment and who do not have an account at a financial institution until such date as the Secretary of the Treasury determines the Electronic Transfer Account (ETA) is available. **NOTE:** *Once the Treasury ETA is available to beneficiaries, the EFT requirement may not be waived for this reason.*

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(3) Payments where the agency does not expect to make more than one payment to the same recipient within a one-year period and the cost of making the payment via EFT exceeds the cost of making the payment by check. **NOTE:** See Attachment A for the specific payment types that may be waived from the Electronic Funds Transfer process when necessary.

b. **Cash Disbursement Waiver.** Cash disbursements may be allowed for specific payment types that meet the requirements under both the EFT Rule found at 31 CFR, Part 208, and Treasury's Imprest Fund Directive. These requirements allow cash disbursements only when the conditions cited in subparagraph 2a have been met in addition to meeting at least one of the following circumstances:

(1) The amount owed is less than \$25.

(2) Payments are made in emergencies, or in mission critical circumstances, that are of such an unusual and compelling urgency that the Government would otherwise be seriously injured unless payment is made by cash. Payments to individuals for nonrecurring events such as beneficiary travel and PFOP may fall under the "mission critical" definition, but stations should not use cash as the default method of making such payments, and should only pay by cash when the recipient requests it and when refusal to do so could interfere with VA's mission. **NOTE:** See Attachment B for certain types of cash disbursements that may be waived from the Electronic Funds Transfer process when needed.

c. Payments for Veterans Canteen Services should be made only by EFT. **NOTE:** Credit card payments are considered to be EFT.

d. Emphasis should be made to employees that their salaries and travel should be paid by EFT, and cash and checks are only to be used when circumstances inhibit EFT.

3. POLICY: It is VHA policy that medical facility Directors may exempt certain types of EFT payments.

4. ACTION

a. The medical facility Director has the authority to:

(1) Waive the EFT requirement for specific payment types that meet the requirements under the EFT Rule found at 31 CFR, Part 208. Directors may grant waivers from the EFT Rule and allow payments by check if circumstances warrant and if the payment meets the requirements cited in OFM Bulletin 99GC1.03, paragraph 3, as described in subparagraph 2a. **NOTE:** For payments to be made by cash, additional requirements must be met as described in subparagraph 2b.

(2) Allow cash disbursements when circumstances do not allow EFT and if the payment meets the requirements cited in OF Bulletin 00GC1.02, paragraph 3 (Cash Disbursements Waiver Requirements), and the requirements cited in OFM Bulletin 99GC1.03, paragraph 3 (EFT Waiver Requirement).

(3) Ensure that all cash and convenience check payments that fall under the category of Miscellaneous Payments on the attached listings must be submitted to the VHA Chief Financial Officer (173) for approval.

b. Each Veterans Integrated Service Network (VISN) is responsible for:

(1) Submitting a memorandum every year, signed by the Chief Financial Officer (CFO), listing for each facility in the VISN, the total number of disbursements waived:

- (a) For cash disbursements;
- (b) For payment by convenience check; and
- (c) Authorized for payment by Treasury check.

(2) Submitting an annual report to VHA Financial Management and Budget Office (173A2) by January 31 to document this activity for the preceding calendar year.

5. REFERENCES: None.

- a. OF Bulletin 00GC1.02.
- b. OFM Bulletin 99GC1.03.

6. FOLLOW-UP RESPONSIBILITY: The VHA Chief Financial Officer (173) is responsible for the content of this Directive.

7. RECISSIONS: This VHA Directive expires August 31, 2006.

S/ Frances Murphy, M.D. for
Thomas L. Garthwaite, M.D.
Under Secretary for Health

Attachments

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ATTACHMENT A

**PAYMENTS SUBJECT TO A
WAIVER OF ELECTRONIC FUNDS TRANSFER (EFT) RULE**

1. Patient funds.
2. Beneficiary travel.
3. Compensated work therapy.
4. Indigent.
5. General Post Fund Welfare.
6. Reimbursement to volunteers.
7. Research participants.
8. Social Work.
9. Accommodations charge.
10. Honorariums.
11. Patients' bus tokens and/or passes.
12. Compensation and Pension.
13. Exhibitor fees.
14. Employee travel.
15. Travel advance.
16. Vendors.
17. Veterans Medical Care Collection Fund (MCCF) refunds.
18. Universities and colleges.
19. Employee salaries.
20. State fees.
21. Credit verification.
22. Tuition.
23. Membership fees.
24. Program accreditations.
25. Miscellaneous Payments; i.e., all other and which must be submitted to the Veterans Health Administration (VHA) Chief Finance Officer (CFO) for approval.

ATTACHMENT B

**PAYMENTS SUBJECT TO CASH DISBURSEMENTS WHEN REQUIRED
(ONLY PAYMENTS UNDER \$25, OR IN EMERGENCY OR MISSION CRITICAL
SITUATION)**

1. Patient funds.
2. Beneficiary travel.
3. Compensated work therapy.
4. Indigent.
5. Incentive therapy.
6. General Post Fund Welfare.
7. Reimbursement to volunteers.
8. Research participants.
9. Social Work.
10. Accommodations charge.
11. Local travel advances.
12. Vendor.
13. Veterans Medical Care Collection Fund (MCCF) refunds.
14. Employee salaries.
15. Compensation and pension checks.
16. Miscellaneous Payments; i.e., all other and which must be submitted to the Veterans Health Administration (VHA) Chief Finance Officer (CFO) for approval.