

October 31, 2008

ELECTRONIC FUNDS TRANSFER (EFT) AND IMPREST FUND

1. PURPOSE: This Veterans Health Administration (VHA) Directive provides policy 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 OFM 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 in 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 OFM Bulletin 00GC1.02. However, waivers are granted only in specific and limited circumstances. *NOTE: Every effort should be made to enforce EFT as the preferred method of payment, and cash or convenience checks to 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 a non-EFT payment.

(2) The requirement to receive payment by electronic funds transfer is automatically waived for all individuals who do not have an account with a financial institution and an Electronic Transfer Account (ETA) is not available near where they live. The ETA is available in the United States, Puerto Rico, the Virgin Islands, and the Pacific Territories. However, it is not available internationally. *NOTE: Information on ETA can be found on the Treasury Website: <http://www.fms.treas.gov/eta/index.html>.*

(3) Payments where the agency does not expect to make more than one payment to the same recipient within a 1-year period and the cost of making the payment using EFT exceeds the cost of making the payment by check.

b. **Cash Disbursements Waiver.** Cash disbursements may be allowed for specific payment types that meet the requirements under both the EFT Rule found in 31 CFR, Part 208, and

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Treasury's Imprest Fund Directive. These requirements allow cash disbursements only when 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) In case of emergency. 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 are to pay by cash only when the recipient requests it and when refusal to do so could interfere with VA's mission.

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

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

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

4. ACTION

a. **Veterans Integrated Service Network (VISN) Director.** Each VISN Director is responsible for submitting an annual report, by October 31, to the VHA Chief Financial Officer (CFO), Financial Management and Accounting Systems Office (173A). This annual report documents the preceding fiscal year activity for each facility in the VISN, to include the type of payments being justified for disbursements waived, along with an estimate of the following:

- (1) Number of cash disbursements;
- (2) Number of payments by convenience check; and
- (3) Number authorized for payment by Treasury check.

b. **Medical Facility Director.** 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 in 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 OFM Bulletin 00GC1.02, paragraph 3 (Cash Disbursements Waiver Requirements) and the requirements cited in OFM Bulletin 99GC1.03, paragraph 3 (EFT Waiver Requirement).

5. REFERENCES

- a. OFM Bulletin 00GC1.02.
- b. OFM Bulletin 99GC1.03.
- c. Title 31 CFR, Part 208.

6. FOLLOW-UP RESPONSIBILITY: The VHA Chief Financial Officer (173) is responsible for the contents of this Directive. Questions may be referred to the Office of Financial Management and Accounting Systems (173A) at 202-461-6557, or emailed to ‘VHA Agent Cashier Policy’ mailbox.

7. RECISSIONS: VHA Directive 2007-020 is rescinded. This VHA Directive expires November 30, 2013.

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