



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

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In Reply Refer To:
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EMS TRANSMISSION

Instruction Memorandum No. BC-2004-024

Expires: 09/30/2005

To: All Washington Office and Field Officials
Attn: Contracting Staff and Convenience Checkwriters

From: Director, National Business Center

Subject: Ensuring the Proper Use of Convenience Checks

Program Area: Charge Card Management

Purpose: This Instruction Memorandum (IM) clarifies some existing policy on the use of convenience checks and establishes new policy regarding the use of convenience checks for transactions with other federal agencies.

Policy/Action: Charge card cardholders with access to convenience checks must comply with existing policy and procedures when using convenience checks to pay for supplies or services. The current policies and procedures are outlined in the Department of the Interior (DOI) Charge Card Program Guide, dated March 12, 2002, and the Bureau of Land Management (BLM) Manual Section 1512 – Charge Cards and Convenience Check for Travel, Purchase, Fleet, and Uniforms, dated September 30, 2002.

The following are some of the policies on the use of convenience checks that are not always followed by checkwriters:

- Convenience checks may only be written to vendors who do not accept the charge card.
- The single purchase limit for convenience checks is \$2,500 (\$2,000 for construction). The only exception is that warranted contracting officers who have completed the Incident Contracting Officer training may use the checks to pay for emergency equipment rental agreement payments up to \$25,000. However, this may be done only when the vendor will accept no other form of payment and retaining the support of the equipment is critical.

- Convenience checks may be used for the payment of ratification actions only up to \$2,500.
- Internal Revenue Service (IRS) 1099 data must be collected and submitted to the National Business Center if the transaction will be reported with one of the budget object codes (BOC) listed in Appendix 9 of BLM Manual Section 1512. BLM Manual Section 1512 states that the data must be sent to BC-640 at least monthly; however, the correct office code for submittal of the 1099 data is now BC-621.

The National Business Center is currently working on a web-based application to allow remote entry of 1099 data by checkwriters. When this application is implemented, submittal of hard copies of the 1099 data to BC-621 will no longer be required.

Accurate submittal of 1099 data is critical to the success of the program. Our failure to accurately collect and record this data may result in penalties by the IRS and will result in vendors not paying taxes on the income.

One change to the previous policy on the use of convenience checks is that convenience checks may no longer, under any circumstances, be used to make payments to other federal agencies. Federal agencies regularly receive payment for supplies or services they provide through an interagency billing process referred to as IPAC. If a payment is made with a convenience check, there is a risk that a duplicate payment may also be made through IPAC and go undetected. Because this risk does not exist with charge card payments, payments may still be made to other federal agencies with the charge card.

The privilege of using convenience checks is predicated on checkwriters closely complying with the policies that are driven by federal laws and regulations. Failure to comply with the established policies and procedures may result in the revocation of this privilege.

Timeframe: This IM is effective upon receipt.

Budget Impact: No budget impacts are anticipated.

Background: Convenience checks are available on an as-needed basis to cardholders who have access to the charge card purchase business line. Because they are negotiable instruments, there are tight controls placed on their issuance and use. Current policy allows the use of convenience checks subject to the conditions outlined in the DOI Charge Card Program Guide, paragraph 3.11, and BLM Manual Section 1512, Charge Cards and Convenience Checks for Travel, Purchase, Fleet, and Uniforms, paragraph .63.

Recent reviews of convenience check transactions have indicated a number of instances of improper use of convenience checks. The Policy/Action section of this IM reaffirms the policy in these problem areas and establishes new policy regarding the use of convenience checks for transactions with other federal agencies.

Manual/Handbook Sections Affected: BLM Manual Section 1512 is affected by this IM.

Coordination: No coordination was required.

Contact: If you have any questions regarding this IM, please call your State/Center/WO lead Agency/Organization Program Coordinator (A/OPC); your Procurement Analyst; or Larry Keller, BC-620, at 303-236-9455.

Signed by:
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Authenticated by:
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