

3-14. Convenience Checks and Foreign Draft Checks

a. Convenience checks and Foreign Draft Checks (FDCs) provide activities with the flexibility to issue checks for payment of supplies and services. With the exception of contingencies, convenience checks shall not be written over the micro-purchase threshold. Convenience checks are issued for domestic purchases valued in U.S. dollars when the merchant does not accept the GPC. DOD activities have the flexibility to issue convenience checks to pay for products and services at the activity level. FDCs are issued for overseas purchases valued in foreign currency when the merchant does not accept the GPC. The following requirements apply to one or both of these financial instruments as specified.

b. The CH shall not use a convenience check or FDC unless its use is considered advantageous to the activity after evaluating all alternative methods of purchase. Convenience checks and FDCs may not be used to avoid the normal GPC payment process. Before a check is issued, the paying agency must make every effort to use the GPC, including making maximum efforts to find and use merchants that accept the GPC. The authority to maintain a checkbook shall be justified on an individual organization basis and controlled and monitored by the organization's CCO. The number of checkbooks per installation must be kept to a minimum. A delegation of procurement authority is granted in writing by the CCO for the maintenance and use of convenience checks.

c. Convenience checkbook accounts are available only to organizations that maintain active GPC accounts in good standing. A convenience checkbook holder may have a GPC account and a separate convenience checkbook account. Convenience checks are pre-numbered, and their use is controlled with a separate convenience check purchase log for each account. Checkbook holder shall maintain original voided checks.

d. Convenience checks and FDCs are not issued for more than the micro-purchase threshold (or the foreign currency equivalent), and must be issued for the exact payment amount. In the case of an FDC, the payment amount includes the administrative processing fee. However, in the case of convenience checks, the payment amount does not include the administrative processing fee. The convenience check processing fee is added by the servicing bank during processing of the transaction, and the addition of the processing fee is not considered a split requirement. "Splitting" payment amounts across more than one convenience check or FDC to keep the purchase amount per check below the micro-purchase threshold limit is prohibited. Convenience checks and FDCs will not be issued as an "exchange-for-cash" vehicle to establish cash funds. If merchants issue credit or refunds by cash or check, the funds must be immediately credited to the account against which the purchase was originally made.

e. Convenience checks and FDCs are negotiable instruments and must be stored in a locked container, such as a safe or locking filing cabinet. Checks must be accounted for appropriately to prevent loss, theft, or potential forgery. Convenience check and FDC accounts must be reviewed quarterly by a disinterested party and not the A/OPC. The checks are reconciled just as other GPC transactions, as a part of the monthly statement billing cycle. Copies of voided checks must be retained through the carbon copy or photocopy the original check as a part of the account-holder's original documentation files.

f. The same purchase prohibitions that apply to the GPC apply to the convenience check and the FDC.

g. The normal dispute process associated with the GPC is not applicable to convenience checks and FDCs. Any concerns over a purchase made with a check must be resolved directly with the merchant. The check writer is solely responsible for securing credit or disputing purchases with the merchant. Each organization is responsible for all checks written on an account; unless it is determined fraud is involved (see Section 4-5 on fraud). In some cases, payment can be stopped on a convenience check that has been written if the check has not yet been posted to an account. To stop payment on a check, the check-writer must call the Servicing Bank's Customer Service Department to receive instructions on processing the action.

h. FDC accounts are established in the contracting office. Customer activities desiring FDC accounts outside the contracting office must justify, in writing, to the CCO why an account is necessary. FDC BOs, cashiers, and custodians must receive standard GPC training prior to being issued active FDC accounts.

i. The check cashier is the only person who has the authority to issue and sign checks. He or she may hold a GPC account in addition to the convenience check FDC account, as long as the accounts are maintained separately.

j. The check custodian orders, receives, stores, issues, inventories, reconciles, and disposes of FDC stock. He or she is not responsible for approving and processing requirements for check writing.

k. The BO authorizes and certifies the issuance of FDCs written by the cashier. In order to maintain effective internal controls, the BO may not perform the check-writing and maintenance functions of the cashier and custodian. All convenience checks and FDCs must be reconciled as a part of the monthly billing statement at the end of the billing cycle.

l. Establishing Convenience Check Accounts. Any U.S. Government employee, military or civilian, including local national employees, may be selected for appointment as a check writer. Contractors working for the Army must not be selected for appointment. Requests to establish convenience check accounts must be justified in writing by the organization's Commander/Director and forwarded to the Level 4 A/OPC. If approved, a delegation of procurement authority is granted in writing by the CCO, for the maintenance and use of convenience checks. Required information must consist of the following:

(1) Reason for requesting checks

(2) Types of vendors the check will be written to

(3) Estimated dollar amount of checks intended to be written within a 12-month period

(4) Single and monthly purchase limits

(5) Check writer's complete name, office name, address, e-mail, phone/fax number

m. Use of Convenience Check Accounts.

(1) Convenience checks may be used for small purchases, when supplies or service are available for delivery within 15 days whether at the contractor's place of business or at destination. Convenience checks must not be used for employee reimbursements, cash advances, cash awards, travel-related transportation payments, or meals. Purchases made with the check must not require detailed specifications or an inspection report. Convenience checks should not be used for recurring payments.

(2) Convenience checks may be used for purposes not related to small purchases when such expenditures are authorized by other regulations such as:

(a) Delivery charges associated with the purchases made with a convenience check when the contractor is requesting to arrange delivery. These charges include local delivery, parcel post including cash on delivery (COD) postal charges, and line haul or inter-city transportation charges, provided the charges are determined in the best interest of the Government.

(b) C.O.D. charges for supplies ordered for payment with a convenience check upon delivery.

n. Tax Reporting - The 1099 Tax Reporting Process (TRP) was developed to collect convenience checks written for services, rent, medical and health care services and other Internal Revenue Service (IRS) requirements. This data is used to process IRS 1099-MISC forms. The BO is responsible to monitor the check writer's compliance with 1099-TRP.

(1) Convenience check holders must submit check data to DFAS on any checks they issue for tax reportable categories. This should be done throughout the year and is suggested to be completed monthly, and can be done on-line once the check writer and their corresponding A/OPC officially request access to the 1099 TRP. The 1099 TRP is restricted to authorized users only. Access is optional for the BO, but may be necessary to fulfill the BO's responsibility to ensure the check writer is compliant with 1099 TRP.

(2) 1099 TRP System Access: To obtain access, users must complete two system access forms, DD form 2875 and DD form 2869. The link to access the System Access Request Forms is: <https://dfas4dod.dfas.mil/systems/1099/>. Carefully follow the instructions for completing the forms. All check writers and A/OPCs must complete both forms. Fax completed forms to 614-693-5452 or Defense Switched Network (DSN) 869-5452, or scan and email them to cco.checks@dfas.mil. Prior to accessing the 1099-TRP, all users should read the Convenience Check User's Manual.

Parent topic: [Chapter 3 - GPC Electronic Systems](#)