



**DEFENSE LOGISTICS AGENCY**  
HEADQUARTERS  
8725 JOHN J. KINGMAN ROAD, SUITE 2533  
FT. BELVOIR, VIRGINIA 22060-6221

JUL 29 1997

IN REPLY  
REFER TO

MMPPP  
PROCLTR 97-22

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Implementation of Statutory Requirement for Payment by Electronic Funds Transfer (EFT)

The subject July 1, 1997 memorandum from the Director of Defense Procurement (DDP) (copy attached), summarizes recent EFT guidance beginning with a July 25, 1996 DDP memorandum on this subject (reference PROCLTR 96-29, July 25, 1996). Further, the DDP advises that since all Defense Finance Accounting Service (DFAS) paying offices are now EFT-capable, contracts received by DFAS after October 1, 1997 that do not include one of the FAR-prescribed EFT clauses will be returned to the contracting activity, unless the contract qualifies for one of the exceptions identified in FAR 32.1101(d). Contracting offices are also asked to cooperate with DFAS by providing contractor mailing addresses promptly when requested.

Please review local use of the clauses at FAR 52.232-33, Mandatory Information for Electronic Funds Transfer Payment and FAR 52.232-34, Optional Information for Electronic Funds Transfer Payment, and advise via e-mail to our point of contact ([jerry\\_gilbart@hq.dla.mil](mailto:jerry_gilbart@hq.dla.mil)) of current implementation status and efforts to assure total compliance before the start of FY 1998.

This PROCLTR expires, for record keeping purposes, upon compliance with the above status requests and dissemination to contracting personnel. Questions may be directed to Ms. Rozelyn Durant or Mr. Jerry Gilbert, MMPPP, (703) 767-1352/1350, DSN 427-1352/1350.

Attachment

**ROBERT L. MOLINO**  
Executive Director  
(Procurement)



ACQUISITION AND  
TECHNOLOGY

DP/CPF

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000

July 1, 1997

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS  
MANAGEMENT, ASN(RD&A)ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
ASSISTANT DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)/DIRECTOR OF CONTRACTING  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE  
LOGISTICS AGENCY

SUBJECT: Implementation of Statutory Requirement for Payment By  
Electronic Funds Transfer

My letter of July 25, 1996, advised of the requirement of the Debt Collection Improvement Act of 1996 for mandatory use of electronic funds transfer (EFT) to make payments under most new contracts resulting from solicitations issued on or after July 26, 1996. I further advised that contracting officers should immediately begin including the clause at FAR 52.232-28, Electronic Funds Transfer Payment Methods, in all solicitations issued on or after July 26, 1996. I indicated that absence of contract terms providing for EFT will not waive the statutory requirement for EFT payments.

An interim FAR rule was published in the Federal Register on August 29, 1996, that provided two clauses, FAR 52.232-33, Mandatory Information for Electronic Funds Transfer Payment, and FAR 52.232-34, Optional Information for Electronic Funds Transfer Payment, to implement the statutory EFT requirement. They replace FAR 52.232-28. DoD contracts should have been including FAR 52.232-33 since August 29, 1996 except when the contract payment office was not EFT capable, in which case the clause at FAR 52.232-34 is used.

Defense Finance Accounting Service (DFAS) advises that many contracts are still being issued without an EFT provision, or with the now-obsolete FAR 52.232-28. All contracting activities must include an EFT provision in new solicitations and contract awards. DFAS advises that all its paying offices are now EFT-capable, so FAR 52.232-33 should be used in all contracts disbursed by DFAS, unless the contract qualifies for one of the



specific, limited exceptions to use of EFT identified in FAR 32.1101(d). Unless an exception applies, contracts received by DFAS after October 1, 1997, that do not include the EFT provision at FAR 52.232-33 will be returned to the contracting activity.

DFAS intends to contact by letter all contractors that have not provided EFT information, either because of non-compliance with an EFT provision in the contract, because provision of EFT information has heretofore been optional, or where an EFT provision required by statute has been omitted from the contract. DFAS will advise the affected contractors that, since the government has elected to use EFT, they must provide EFT information. After this notification process is complete, DFAS will return invoices when EFT information is required but has not been provided.

DFAS will invite those remaining contractors whose contracts predate the mandatory EFT requirement to convert voluntarily to EFT as soon as possible. This will help facilitate the eventual mandatory conversion to EFT by the January 1, 1999, statutory deadline. To assist in this effort, DFAS asks the cooperation of contracting offices to provide promptly current contractor mailing addresses when DFAS requests them.



Eleanor R. Spector  
Director of Defense Procurement