

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Treasury implemented several initiatives in July 1987 and to continues to encourage agencies to convert their vendor and miscellaneous payment activity from checks to the Automated Clearing House (ACH) payments. The use of the Electronic Funds Transfer (EFT)/ACH network requires the gathering of pertinent financial institution information from payment recipients. The information is used to process payments through the Federal Reserve System to recipients' financial institutions. The information is collected by authority of 31 USC 3322 and 31 CFR Part 210. 31 USC 3322(g) requires recipients of Federal payments to "designate one or more financial institutions or other authorized payment agent to which such payments shall be made" and "provide the Federal agency that makes or authorizes the payment information necessary for the recipient to receive EFT payments." Section 31001(x) of the Debt Collection Improvement Act (DCIA) (Chapter 10 of the Omnibus Consolidated Recession and Appropriations At of 1996) Public Law, 104-13 4 requires Federal agencies to effect all payments via EFT to recipients who become eligible to receive such payments on or after July 26, 1996. In order to effect payments electronically, Federal Program Agencies must collect from each recipient of payments the name of the financial institution, Routing and Transit Number (RTN) and account number of the financial institution where the payment is to be sent.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The SF 3881 is used by Federal Program agencies to gather essential payment data from vendors for processing payments through the ACH network to the vendor's financial institution. Treasury/FMS cannot process an ACH credit transaction without the vendor's financial institution information. The data received by using this technique enables the agency to pay vendors electronically.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

FMS and other agencies are making efforts to streamline the enrollment process and make it less cumbersome, especially in light of the mandatory EFT legislation. Agencies have the option of whether to use the SF 3881.

A revised Federal Acquisition Regulation (FAR) clause was published in the Federal Register on March 4, 1999. The FAR/EFT final rule makes the collection of EFT payment data as a condition to any payment under a contract by the appropriate payment offices (not necessarily using the SF 3881). This requirement reduces the burden of collecting this data on an SF 3881 by every payment office within an agency. Banking information for EFT payment can be collected at the time of contract award or when the invoice is submitted by the vendor for payment. Many Federal agencies are using electronic systems to gather and manage contracting information, including EFT information. Vendors and agencies are also increasing their use of electronic invoicing. Both of these trends, coupled with the FAR EFT clause, are leading to a more automated way of collecting ACH information for vendor payments.

The Central Contractor Registration (CCR) database was designed by the Department of Defense (DOD) in July 1998 to allow for one-time, government-wide enrollment for procurement and finance. Among other required data, the CCR collects bank account information that is needed to generate electronic payments. This database minimizes the need to collect payment data from registered vendors using the SF 3881. Previously, the CCR was used mainly by DOD and their clients. Currently, it is available for use by all Federal agencies at www.ccr.gov. Additionally, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council amended the Federal Acquisition Regulation (FAR) to require contractor registration in the CCR database prior to award of any contract, basic agreement, basic ordering agreement, or blanket purchase agreement. Also, the proposed rule requires contracting officers to modify existing contracts whose period of performance extends beyond December 31, 2003, to require contractors to register in the CCR database by December 31, 2003. The proposed rule was published in the Federal Register on April 3, 2003, with comments due on June 2, 2003. When this rule becomes effective, it will significantly reduce the burden of collecting banking data on an SF 3881.

The SF 3881 is available as an electronic document on the FMS Home Page at: www.fms.treas.gov

Many Federal agencies are using the electronic generated copies of the SF 3881. These procedures have expedited the enrollment process, improved the accuracy of enrollment information, and reduced the burden and costs associated with the formal enrollment process.

The use of Value Added Networks (VANS) and the Internet will facilitate the collection and maintenance of vendor payment data electronically. Employing these capabilities will also reduce the use of the SF 3881 enrollment form.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The information on the SF 3881 is collected solely to effect payments electronically. There is no other similar information that can be used to effect payments electronically. Also, as described in Item 3, initiatives in use today are reducing and eliminating the burden imposed on collecting this data.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

There is no correlation between the size of the business and amount of data required and or the amount of time required to complete an SF 3881 form. The instant collection of information will have no significant effect on small businesses and other small entities. Moreover, all practical steps have been taken to simplify this collection of information for small businesses (see Item 3 above).

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The collection of this information is usually a one-time collection from each vendor and cannot be collected less frequently. If the collection is not conducted Federal agencies will be unable to comply with Public Law 104-134 (DCIA).

7. Explain any special circumstances that would cause an information collection to be conducted in a manner: *requiring respondents to report information to the agency more often than quarterly; *requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; requiring respondents to submit more than an original and two copies of any document; etc.

The collection of this information is conducted in a manner which is consistent with the guidelines in 5CFR1320.6.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

To assist the Federal Program agencies with the implementation of EFT for corporate payments, Treasury/FMS has been meeting with Federal agencies to discuss the ACH

payment system to address their concerns, various ACH issues, and new payment applications. With the intent of increasing ACH vendor payment volume throughout the Federal Government, Treasury/FMS representatives regularly participate in workshops, seminars, and conferences (e.g., the National Automated Clearing House Association) on ACH payment-related topics. Also, see attached request for comments as published in the Federal Register on May 4, 2009, page 20524-20525. No comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than reenumeration of contractors or grantees.

No payment is made to collect this information.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The information collected is confidential in nature. SF 3881 has a privacy act statement which reads, "All information on this form, including the individual claim number, is required under 31 USC Part 3322, 31 CFR Part 209 and/or 210. The information is confidential and is needed to prove entitlement to payments. The information will be used to process payment data from the Federal agency to financial institution and/or its agent. Failure to provide the requested information may affect the processing of this form and may delay or prevent the receipt of payments through the Direct Deposit/EFT Program.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions that are of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should: *indicate the number of respondents, frequency of response, annual hour burden; and an explanation of how the burden was estimated.

Number of respondents: 70,000 x frequency of response: 1 x .25 (15 minutes) = 17, 500 annual burden hours.

The hour burden is estimated based on the time it takes to provide this agency the name of the financial institution, RTN, and account number.

Taking consideration of the normal increase in salaries, the estimated annualized cost to respondents for collecting this information is as follows:

$70,000 \times .25 \times 26.50 = \$463,750$

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

There is no evidence that respondents bear any additional capital or start-up costs as a result of this information requirement. The information requested, name of financial institution, RTN, and account number, is information that is readily available and often requested by other non-government entities doing business with the vendors. No operational or maintenance cost is associated with the collection of this information. There are no associated record keeping costs.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

Estimates of annualized costs to the Federal Government are:

Printing costs charged to the Federal Government based on the consumption of 70,000 forms at \$.07 per form (or \$70.00 per 1,000 copies)	\$ 4,900
Mailing costs for 70, 000 forms x \$.44 per form	\$30,800
Processing information from 70,000 forms x 3 minutes (.05) x \$10.00 per hour for government employees (or 70,000 x.05 x \$11.57)	<u>\$40,495</u>
	\$76,195

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

N/A

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Collected information will not be published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Printing the expiration date on the form will result in increased costs because of the need to replace inventories that become obsolete by passage of the expiration date each time OBM approval is needed. Without printing the expiration date, supplies of the form could continue to be used.

Not printing the expiration date on the form will also avoid confusion among users who may have identical forms with different expiration dates in their possession.

18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.

Not applicable.

B. Collections of Information Employing Statistical Methods

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, “Yes,” the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

Not applicable. Collection of information does not employ statistical methods.

Attachments