

Information Paper

SAFM-RBA
October 24, 2000

SUBJECT: Department of Defense (DoD) Meal Check Initiative

1. **PURPOSE.** To provide information on the DoD Meal Check Initiative.

2. **FACTS.**

a. **Summary.**

- (1) In July 2000 after a successful pilot test, the DoD fully implemented an automated meal check process that replaces the antiquated, manual process used to pay for meals consumed by DoD recruits in transit to their first duty station. Recruits use the meal checks to eat in private sector restaurants when government facilities are not available. Under the new process computer-generated checks are provided to the recruits to purchase meals, and a private sector bank pays the restaurants electronically within 48 hours through the normal banking process.
- (2) This successful business practice, integrated state-of-the-art technology and private sector business practices to reduce costs, improve internal controls, and provide a better service to the recruit. DoD will save \$1.2 million annually from implementing this process. This initiative won a Government Executive 2000 Travel Managers of the Year Award.

b. **Former Meal Ticket Process for Recruits.**

- (1) Prior to the new initiative, DoD used meal tickets, a paper voucher, to pay for meals consumed by new recruits in transit to their first reception station. The value of the tickets are "not to exceed" \$6.00 for a breakfast or lunch meal and \$16.00 for a dinner meal.
- (2) Sixty-five Military Entrance Processing Stations (MEPS) located throughout the continental United States issued meal tickets to recruits from all Services. We estimate about 222,000 meals were obtained by recruits with meal tickets each year. A travel specialist at each MEPS manually typed all information on the meal ticket, to include accounting classifications. Data typed on the ticket included the name of the recruit, travel order number, transportation number, line of accounting (40 plus characters), number and type of meal authorized, and cost. Many meal tickets were comprised of multiple appropriation lines because recruits were grouped on meal tickets. Upon receipt from the recruits, the restaurants mailed the meal tickets to the Defense Finance and Accounting Service (DFAS). DFAS processed the meal tickets by entering multiple manual entries into the accounting system and paid the restaurant by mailing checks or electronically transferring funds.

- (3) The meal tickets represented a “promise to pay” to the restaurant accepting the ticket. The DFAS process used to pay the restaurant was very costly to the Services. DFAS processed and paid meal tickets, manual documents received by the vendors, by entering multiple (approximately 42) manual entries into the accounting system for each appropriation on a meal ticket. Some restaurants were reluctant to participate in the meal ticket program because the procedures to obtain reimbursement were onerous for the restaurant.

c. New Meal Check Process for Recruits.

- (1) Under the new automated process, the MEPS travel specialist issues the recruit a computer-generated meal check that is cleared through the banking system. The MEPS use the Military Entrance Processing Command’s (MEPCOM) automated MEPCOM Integrated Resource System (MIRS) to issue the checks.
- (2) The automated system includes the recruit’s name, branch of Service (e.g., Army, Air Force, Navy, Marine Corps or Coast Guard), travel schedule, destination, whether or not a meal is required en route, which meal, and the not to exceed cost (travel information is provided by the Military Traffic Management Command (MTMC)). The MICR line code on the check identifies the appropriation account. The location of the issuing MEPS is identified through the check numbering structure. The checks can be issued within seconds when the recruit departs from the MEPS.
- (3) The recruit uses the meal check on the day of travel from the MEPS to one of the ten reception stations. The restaurant provides the meal and accepts the check as payment. If the recruit does not spend the entire “not to exceed amount,” no change is given. If more is spent, the recruit pays the difference in cash.
- (4) The restaurant deposits the check in its local bank account. The local bank forwards the check to the Chase Manhattan Bank for payment. Chase pays the restaurant within 48 hours. After Chase pays the restaurant, DFAS reimburses Chase by electronic funds transfer (EFT) through Automated Standard Application for Payment (ASAP). ASAP is the treasury system at the Federal Reserve Bank (FRB) of Richmond that provides a payment link between Federal Program Agencies (in this case DFAS) and Recipients (in this case Chase Manhattan Bank).
- (5) At the beginning of each fiscal year, the Services (less Army) and Coast Guard appropriation sponsors provide obligation authority for the checking account by providing Army’s Operating Agency 22 a Military Interdepartmental Purchase Request. Army appropriation sponsors provide authorization letters to the Army Budget Cell.
- (6) DFAS performs the central accounting function using current systems to include the disbursing system and Standard Finance System (STANFINS) to record obligations

and disbursements and the Online Payment Accounting Collection System (OPAC) to bill and collect for meal check payments.

- (7) Chase Manhattan Bank provides the meal check processing services to the DoD. The services include accounting, payment, and reporting of meal check transactions. Chase provides a bank statement that provides transaction level of detail by appropriation daily to the Army Budget Cell. The Army Budget Cell reconciles the paid checks against the MEPS files to ensure that paid checks are valid issued checks.

3. Current Status.

- a. A Memorandum of Agreement, which defines the roles and responsibilities of each player, was signed in October 1999. A Memorandum of Understanding between the Army and Treasury, which addresses the provisions for using the Treasury platform and electronic payment system, was signed in November 1999. A Financial Agency Agreement between Treasury and Chase Manhattan Bank, which outlines the financial terms, was signed in December 1999. A User Handbook was prepared for the MEPS in November 1999.
- b. A pilot test of the meal check initiative was completed from November 1, 1999 through February 28, 2000 at three pilot test sites-Chicago, Milwaukee, and Fort Hamilton, NY. All Services and the Coast Guard participated in the test. Players were from the Treasury Department; Federal Reserve Bank of Richmond; Defense Finance and Accounting Service; Military Traffic Management Command, Military Entrance Processing Command; Military Processing Stations, Army Operating Agency 22; Army Finance Command (Army Budget Cell); Army, Navy, Air Force, Marine Corps, and Coast Guard Appropriation Managers; and Chase Manhattan Bank.
- c. In March 2000, the Army Audit Agency (AAA) through an independent review of the Evaluation Report determined that all performance measurements were met and recommended that DoD extend the process to all 65 MEPS. As a result of AAA recommendation, the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) approved full implementation of the meal check initiative.
- d. As of October 2000, we processed an average of 20,000 meal checks per month using the months that we have been fully operational at all 65 MEPS (July-September 2000). We will have a full year of historical meal check information in July 2001 to provide a more accurate estimate of the average monthly meal checks processed.

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