



DEPARTMENT OF THE TREASURY  
FINANCIAL MANAGEMENT SERVICE  
P.O. BOX 51318  
PHILADELPHIA, PA 19115-6318

To All Federal Agencies For  
Which Financial Services Are  
Provided By The Philadelphia  
Financial Center (PFC)

Management Letter No. 06-06  
August 25, 2006

Fedwire is the Federal Reserve Communications System linking the 12 Federal Reserve District banks, its 25 branches, and certain eligible U.S. depository institutions. It provides for the electronic transfer of immediate and irrevocable payments between participating institutions, and is therefore designed for only high-dollar, low-volume items that must be received by payees the same day as originated by an agency.

The Financial Management Service (FMS) provides Federal agencies with the option to use Fedwire to make same day payments to their respective payment recipients. However, the Treasury Financial Manual (TFM) states that Fedwire should only be used for payments in the amount of \$100,000 or greater and for emergency payments where same day payment is absolutely required. Although FMS does not charge agencies to use Fedwire for same day payments, Fedwire is generally more expensive for FMS to process than Automated Clearing House (ACH) payments and usually incurs a significant fee for the recipient by their financial institution.

FMS has recently become aware that certain agencies are using Fedwire for payments that are far below the minimum threshold of \$100,000 and not associated with an emergency. In some cases, agencies have used Fedwire to make payments as low as \$10.00 or less. As a result, FMS is asking its agency customers to review the TFM guidance (Volume I, Part 6, Chapter 8000, Section 8040) on the use of Fedwire and to be vigilant in complying with this guidance. FMS will be monitoring agencies' use of Fedwire over the next few months to ensure it is consistent with the TFM guidance, and will work closely with agencies failing to comply with this guidance to assist them in identifying more cost-effective alternatives for their payments.

Please contact Matt Helfrich at (215) 516-8022 if you have any questions.

Sincerely,

*Elizabeth R. Belinsky*  
for MICHAEL COLARUSSO  
REGIONAL DIRECTOR  
PHILADELPHIA FINANCIAL CENTER