

SAM – OFFICE REVOLVING FUNDS

BANK DRAFTS

8123

(New 6/1982)

Bank drafts are payment instruments used by authorized agencies to make purchases of goods and services under certain circumstances. (See SAM Section 8124.) Vendors, who accept bank drafts, deposit them in their bank as they would checks. The bank drafts are then delivered through the banking system to an agency's contracted bank for payment.

Prior to being redeemed by the agency's bank, the bank drafts are delivered to the agency for review. The contracted bank pays all bank drafts not rejected by the agency within 24 hours after delivery to the agency. The contracted bank pays for the bank drafts out of a special agency account it maintains.

A draft purchase voucher (DPV) is prepared along with the bank draft at the time of each purchase. The draft purchase voucher provides the agency with cost data and internal control information. The draft purchase voucher is used during the 24-hour bank draft review period to determine the propriety of each bank draft purchase.