

4 FAH-3 H-550 VOUCHERING AND PAYMENT OF SALARIES AND ALLOWANCES

4 FAH-3 H-551 APPLICABILITY AND AUTHORITY

(TL:FMP-4; 6-15-95)

Description of the basis of vouchering, personnel to be vouchered, method of vouchering, and the time and method of payment of salaries and benefits and the allowances which are paid by the payroll systems is found in 4 FAH-3 H-550 .

4 FAH-3 H-551.1 Applicability

(TL:FMP-4; 6-15-95)

Provisions of this subchapter are applicable to both CAPPs and FSN Payroll systems.

4 FAH-3 H-551.2 Authority

(TL:FMP-4; 6-15-95)

a. Regulations relating to the preparation of payroll vouchers are issued by the Office of Personnel Management (OPM), the Office of Management and Budget (OMB), the General Accounting Office (GAO), and the Department of Treasury.

b. The Treasury Financial Manual, Vol. 1, Ch. 3-2000 and GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 6, provide requirements for vouchering and payment of salaries and allowances to employees.

4 FAH-3 H-552 METHOD OF VOUCHERING

4 FAH-3 H-552.1 Basis for Vouchering

(TFMP-4; 6-15-95)

a. Individual pay record data derived from official sources including:

(1) Notification of Personnel Action, For, SF-50, data from the personnel system;

(2) Authority to pay telegram request from employee's current payroll office; or

(3) Personal Services Contracting Action, Form JF 62, create master files which together with employee pay history and Time and Attendance (T&A) reports are the basis for rates and hours of pay.

b. Form SF-1190, Foreign Allowances Application, Grant and Report, authorizes or cancels payment of such post-specific allowances as post differential, danger pay, post allowance, temporary quarters subsistence allowance, living quarters allowance, and separate maintenance allowance.

c. Documents supporting deductions and allotments from gross pay include:

(1) Employee's Withholding Allowance Certificate (and State versions thereof);

(2) TSP-1, Thrift Savings Plan Election form;

(3) SF-1199A, Direct Deposit Sign-Up Form

(4) OF-212, Allotment of Pay

(5) SF-2089, Health Benefits Registration Form

(6) SF-2817, Life Insurance Election

(7) SF-1192, Authorization for Purchase and Request for Change

(8) TSP-22, Thrift Savings Plan Loan Payment Allotment Form

(9) SF-1187, Request for Payroll Deductions for Labor Organization Dues; and

(10) CFC 804 Combined Federal Campaign.

4 FAH-3 H-552.2 Regular Payroll

(TL:FMP-4; 6-15-95)

A regular biweekly payroll voucher is prepared to include all employees being paid. An Earnings and Leave statement showing pay, allowances, deductions, allotments, and net pay for a pay period and cumulative totals for the calendar year to date, along with leave balances at the end of the pay period, is provided to employees each pay period.

4 FAH-3 H-552.3 Supplemental Payrolls

(TL:FMP-4; 6-15-95)

When a payroll payment cannot be included on a regular payroll, a supplemental payroll voucher may be prepared. All payroll data from the supplemental voucher must be entered into the payroll system. Every effort should be made to keep the number of supplemental payroll vouchers to a minimum.

4 FAH-3 H-552.4 Pay Periods

(TL:FMP-4; 6-15-95)

The pay period for all employees except the head of the agency shall cover two administrative workweeks. Pay periods are numbered beginning with the first full pay period in a calendar year and ending with the last pay period which began in the same calendar year.

4 FAH-3 H-552.5 Payroll Vouchers

(TL:FMP-4; 6-15-95)

The following standard forms are prescribed by Treasury for the purpose of making payments (I TFM 3-2020):

- (1) SF-1166, Voucher and Schedule of Payments;
- (2) SF-1166 OCR, Voucher and Schedule of Payments (OCR Readable);
- (3) ECS, Treasury's Electronic Certification System through a modem.

4 FAH-3 H-553 CERTIFICATION

4 FAH-3 H-553.1 Authority

(TL:FMP-4; 6-15-95)

The responsibilities and accountability of a certifying officer are provided in 31 U.S.C. 3528. Department guidance on certification is provided in 4 FAH-3 H-430 .

4 FAH-3 H-553.2 Responsibilities

(TL:FMP-4; 6-15-95)

a. Suitable control procedures shall be incorporated into the payroll process to provide effective checks to assure that payroll data is correctly processed. Such procedures are necessary to assure that all data are considered in the processing, the results of the processing are accurate, and that no unauthorized alterations are made to transactions and records. As there are limitations to the scope of any one check, independent total, or other predetermined total, a body of checks and balances are required to provide an acceptable level of independent verification of the accuracy of payments.

b. The certifying officer will make such examination of the facts underlying the payroll voucher as is necessary to ensure the correctness and validity of the payment. The payroll voucher must be certified by a duly authorized certifying officer. No employee may certify his or her own individual disbursements, but may certify a voucher for the Department payroll which includes his or her own pay. The certified voucher schedule is transmitted to the Treasury or the USDO for payment.

4 FAH-3 H-554 PAYROLL PAYMENT

4 FAH-3 H-554.1 Time of Payment

(TL:FMP-4; 6-15-95)

a. Payments to employees of the Department and other agencies serviced by the Department payroll office shall be made by no later than the second Thursday after the close of the pay period. The time schedule must take into account the time required for processing, review, and adjustments as well as transmittal or delivery time.

b. As per 5 U.S.C. Chapter 55, the pay lag shall not, in any case, exceed 12 calendar days and pay periods shall not be less than 2 weeks long.

4 FAH-3 H-554.2 Payday for FSN Payroll Systems

(TL:FMP-4; 6-15-95)

Payroll payments are made on the second Thursday after the close of the pay period unless local practices compel the designation of some other day for FSNs. Only requests that can be accommodated by the normal

processing schedule may be considered. In such instances, some other payday may be determined by the Director of the Regional Administrative Management Center (RAMC) with the concurrence of the Department.

4 FAH-3 H-554.3 Source of Funds—CAPPS

(TL:FMP-4; 6-15-95)

Payment is vouchered from the Department of State clearing account Undistributed Intragovernmental Payments, 19F3885.3, with simultaneous collection from pertinent appropriations of serviced agencies by the issuance of Form SF-1081, Voucher and Schedule of Withdrawals and Credits, as of the pay date. Form SF-1081 along with a detailed advice of charge is furnished biweekly to the agency which controls the charged appropriation. Both the charge and credit sides of the Form SF-1081, along with the Voucher and Schedule of Payments Form SF-1166, are reflected on the CAPPS' monthly Form SF-224, Statement of Transactions, to the U.S. Treasury. As the use of the clearing account is to serve as an operating medium, the account should maintain a zero balance.

4 FAH-3 H-554.4 Source of Funds—FSN Payroll System

(TL:FMP-4; 6-15-95)

Payroll costs are charged to pertinent agencies' appropriations and are reported to the U.S. Treasury on the monthly Form SF-1221, Statement of Transactions.

4 FAH-3 H-555 METHOD OF PAYMENT—U.S. CITIZENS

4 FAH-3 H-555.1 Salaries

(TL:FMP-8; 2-28-97)

a. Net pay of employees by CAPPS is transmitted by means of electronic funds transfer (EFT) using the Treasury Financial Communications System, where feasible. Direct Deposit Sign—Up Form 1199A or a computer generated facsimile must be completed and signed by the employee. When payments are not possible by means of EFT, salaries must be paid in U.S. Treasury dollar checks. Payment in currency is not permitted.

b. Consistent with the Debt Collection Improvement Act (DCIA) of 1996, the Department will use EFT to disburse payments to all employees both American and foreign nationals, including personal service contractors,

individuals hired through personal service agreements, foreign service nationals (FSNs), and annuity benefit recipients. Disbursements in this paragraph are defined as salary, allowances, and benefit payments, and the law will apply to all of these disbursements. All employees hired or retired after July 26, 1996, are subject to mandatory EFT requirements consistent with DCIA. The law mandates EFT for all Federal payments after January 1, 1999. Recipients must designate one or more financial institutions or authorized payment agents to which such payments shall be made. Recipients must provide agencies with the necessary information to make these EFT payments at the time the employee is hired or retired. The DCIA and this policy applies to all employees of DOS as well as to employees of all agencies serviced by DOS.

c. Overseas, for non-American employees, including foreign service nationals, personal service contractors, individuals hired through personal service agreements, and all benefit recipients, DOS will implement use of EFT to disburse all payments whenever it is consistent with host country law and regulations, and practical when considering host country banking infrastructure capabilities. The servicing Financial Service Center (FSC) director in conjunction with post management will determine on a country specific basis whether the capability exists to implement EFT payments for non-Americans. In some cases, where host country law prohibits mandatory EFT non-American employees may be given the option to use EFT. This determination will also be made jointly with post management.

4 FAH-3 H-555.2 Allowances

(TL:FMP-4; 6-15-95)

In addition to the benefits that may only be paid via the payroll system, living quarters and temporary quarters subsistence allowance may also be paid through the payroll system.

4 FAH-3 H-555.3 Advances

(TL:FMP-4; 6-15-95)

a. Advances, other than advance of pay, are not paid through the payroll system. However, repayment of an advance may be collected through the payroll system via its recurring deduction process. When an advance of living quarters allowance is made, it is recorded from the signed request and approval form into the payroll system and its conversion from advance to earned expense is recognized biweekly, or when appropriate, collected back from the employee.

b. If the servicing payroll office is unable to collect the total amount of the advance from a Department of State employee, the collection responsibility is passed to FMP/F/DFS/FO/AR on form DS-1632, Individual Receivable Account/Control Register.

4 FAH-3 H-556 METHOD OF PAYMENT— FOREIGN SERVICE NATIONAL AND AMCIT EMPLOYEES

4 FAH-3 H-556.1 Salaries and Allowances

(TL:FMP-8; 2-28-97)

Salaries and allowances of FSN employees and personal services contractors and AMCITs are paid in the currency of the country where employed, except as otherwise authorized per 4 FAH-3 H-556.2 . AMCIT is a U.S. citizen resident employee of the U.S. Government in the host country who is not a spouse or dependent of a U.S. Government employee or a uniformed service member abroad.

4 FAH-3 H-556.2 Exceptions

4 FAH-3 H-556.2-1 Immigration and/or Approved Visits to the United States

(TL:FMP-4; 6-15-95)

The principal officer at a post is authorized to approve U.S. dollar payments by Treasury check to an FSN employee when the employee is immigrating to or visiting the United States and the employee will be in the United States on the pay day. The check is forwarded to the employee in the United States.

4 FAH-3 H-556.2-2 Prevailing Local Compensation Practice

(TL:FMP-4; 6-15-95)

a. If the prevailing local compensation practice allows payment in other than the local currency, the post may request permission for salary payment in such currency. Such requests may be made, provided the principal officer determines that:

- (1) Such payment is permitted by local law;

(2) Payment will not encourage prohibited or illegal currency conversion by employees;

(3) Payment does not conflict with U.S. goals.

b. If so determined, a request to pay in other than local currency should be made to the bureau's executive director, explaining:

(1) Pertinent host country exchange controls;

(2) Pertinent local laws;

(3) Rates of exchange, official and unofficial;

(4) Details of determination of prevailing practice; and

(5) Department of Defense (DOD) payment practices, if any, in such country.

c. The request shall be reviewed by M/DG, FMP, and the regional bureau. FMP/F/IFS shall determine if processing such payments is administratively feasible. The regional bureau's executive director is responsible for coordinating the review. If payment in other than local currency is approved, each subsequent salary change survey should review continuing conditions and need. The post shall promptly inform the bureau executive director whenever conditions justifying such exception cease to exist.

4 FAH-3 H-556.2-3 Other Exceptions

(TL:FMP-4; 6-15-95)

If a unique temporary personal situation creates such hardship as to justify payment in other than local currency for a specific individual on a humanitarian basis, a request for an exception may be made to the bureau's executive director. Exception may not be granted for more than 6 months.

4 FAH-3 H-556.3 Payroll Deduction for Civil Service Retirement

(TL:FMP-4; 6-15-95)

When an FSN employee participates in the Civil Service Retirement System, a deduction is made from salary as described in 4 FAH-3 H-542.2 . The U.S. dollar equivalent of the employee deduction and the Government contribution are computed and reported to OPM biweekly and credited to

OPM's trust account, Civil Service Retirement and Disability Fund, symbol 24X8135.8 on the monthly Form SF-1221.

4 FAH-3 H-556.4 Payroll Deduction for U.S. Social Security Tax and U.S. Income Tax

(TL:FMP-4; 6-15-95)

Any FSN employee or personal services contractor who is a U.S. permanent resident alien (Green Card holder) is subject to U.S. Social Security tax and U.S. Income tax unless excluded by a bilateral treaty between the United States and the host country (42 U.S.C. 410 and 26 U.S.C. sections 3102 and 3122). An AMCIT is also subject to U.S. Social Security tax and U.S. Income tax unless excluded by treaty. U.S. Income tax is withheld in accordance with the filed Form W-4, Employee's Withholding Allowance Certificate. The equivalent in U.S. dollars at the exchange rate current at the time of payroll calculation of such withholding and Government contribution is reported and paid to the Federal Reserve Bank.

4 FAH-3 H-556.5 Purchase of Retirement Credits

(TL:FMP-4; 6-15-95)

a. The post may authorize an allotment of pay by Treasury dollar check (payable to OPM) when OPM has authorized the FSN employee to make a deposit or redeposit for past creditable service. The employee authorization is accomplished through Form OF-212.

b. The post personnel office must insure that an OPM Form BRI 49-112A for each employee making a deposit has been prepared to accompany the check to OPM. Blank BRI 49-112A forms may be obtained from OPM. Reproductions or facsimiles are not permitted.

c. Voluntary contributions may be made by the employee to the Civil Service Retirement Fund to purchase additional annuity. Making such contributions is a matter between the individual employee and OPM, for which neither the Department, nor post, nor RAMC has responsibility. Necessary conversions of foreign currencies to dollars required for such contributions must be accomplished by the individual employee. Neither payroll deductions nor payments in dollar checks are authorized to facilitate purchase of additional retirement credit through voluntary contributions.

4 FAH-3 H-556.6 CURRENCY EXCHANGE RATES

4 FAH-3 H-556.6-1 Salaries and Allowances Fixed in U.S.

Dollars

(TL:FMP-4; 6-15-95)

Salaries and allowances fixed in U.S. dollars, which are paid in equivalent local currency, are paid at the current rate of exchange at the time of payroll calculations. Exception to this may occur under unusual circumstances and after consultation with the payrolling center.

4 FAH-3 H-556.6-2 Salaries Fixed in Foreign Currency

(TL:FMP-4; 6-15-95)

Where salaries and allowances are fixed in local currency and paid in local currency, U.S. dollar equivalent entries are computed for salaries and allowances as well as any civil service retirement, U.S. Social Security and Federal income tax withholdings and contributions by using the current rate of exchange at the time of payroll calculations.

4 FAH-3 H-557 EXTERNAL REPORTING

(TL:FMP-4; 6-15-95)

The servicing payroll office submits various reports related to payroll payments to the appropriate agency or office.

4 FAH-3 H-557.1 Consolidated American Payroll Processing System (CAPPS)

(TL:FMP-4; 6-15-95)

CAPPS prepares the following external reports:

- (1) Payments and Collections Transfer Register Form FS-477, Report of Disbursements by Allotment Form FS-478 and CAPPS Voucher and Schedule of Withdrawals and Credits Form SF-1081 (to serviced agencies biweekly);
- (2) Employer's Quarterly Federal Tax Return Form 941 showing compensation, Federal income tax withheld, and Social Security taxes (to Internal Revenue Service quarterly);
- (3) Wage and Tax Statement Form W-2 on taxable compensation and U.S. income taxes and Social Security taxes withheld (to Social Security Administration and pertinent States annually);

- (4) Statement for Recipients of Interest Income Form 1099-INT on interest paid of \$600 or more in the calendar year (to the Internal Revenue Service annually);
- (5) Journal Voucher and Report of Withholdings and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement Forms SF-2812 and SF-2812A (by agency to OPM biweekly);
- (6) FEHB Transmittal and Summary Report to Carrier Form SF-2811 (by agency to health insurance carriers biweekly);
- (7) Journal Voucher and Report of Withholdings and Contributions for Foreign Service Retirement Systems Form DS-1834 (to the Foreign Affairs Retirement and Disability System biweekly);
- (8) Annual Reconciliation of Payroll Deductions Form SF-415 transmits retirement withholdings and contributions summary (to parent agencies annually);
- (9) Individual Retirement Record Form SF-2806 data for Department of State employees (to Retirement Accounts Division biweekly); and
- (10) Statement of Transactions Form SF-224 on disbursements and collections to the General Ledger and Treasury monthly. CAPPS reports to Treasury both the customer agency and the billing agency sides of any Form SF-1081 it issues.

4 FAH-3 H-557.2 Regional Administrative Management Center (RAMC) FSN Payroll System

(TL:FMP-4; 6-15-95)

The RAMC prepares the following external reports:

- (1) The payroll system is integrated with the RAMC accounting system. Agencies receiving allotment accounting services are provided RAMC-60 and RAMC-62 reports on obligations and liquidations. Other agencies receive a biweekly Payroll Expenditure report and a Payments and Collections Transfer Register Form FS-477M monthly.
- (2) Payments and collections reflected on Form SF-1221, Statement of Transactions, by the USDO (to Treasury monthly);
- (3) Employer's Quarterly Federal Tax Return, Form 941, showing compensation, Federal income tax withheld and U.S. Social Security taxes paid (to the Internal Revenue Service quarterly on FSN/PRA's and AMCITs);

(4) Wage and Tax Statement Form W-2 on taxable compensation and Federal income taxes and U.S. Social Security taxes withheld (to Social Security Administration on FSN/PRA's and AMCITs annually);

(5) Journal Voucher and Report of Withholdings and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement Forms SF-2812 and SF-2812A (for CSR to OPM biweekly);

(6) Local Employee's Pay card for FSNs participating in the Civil Service Retirement System (to headquarters of parent agency at least annually);

(7) Annual Reconciliation of Payroll Deductions Form FS-415 transmits retirement withholdings and contributions summary for FSNs in the CSRS (to parent agencies);

(8) Biweekly list on employee deductions and employer contributions for host country social insurance or private insurance plans (to post). Post is responsible for external reporting and payment on local social security program when it functions on other than a biweekly schedule; and

(9) Host government income taxes normally are not computed or withheld, however a report of payments made to an employee for the year may be applicable at particular posts.

4 FAH-3 H-558 THROUGH H-559 UNASSIGNED