



Treasury Financial Manual

Transmittal Letter No. 634

Volume I

To: Heads of Government Departments, Agencies, and Others Concerned

1. Purpose

This transmittal letter releases revised I TFM 3-2000: Payroll Vouchers. Federal agencies and Government offices follow the instructions in this chapter to prepare payroll vouchers for civilian employees of executive agencies.

2. Page Changes

Remove

I TFM 3-2000 (T/L 534)

Insert

I TFM 3-2000

3. Effective Date

This transmittal letter is effective immediately.

4. Inquiries

Direct questions concerning this transmittal letter to:

Operations Integrity and Policy Division
Regional Operations
Financial Management Service
Department of the Treasury
401 14th Street, SW.
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Washington, DC 20227
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Kenneth R. Papaj
Commissioner

Date: December 20, 2006

Part 3—Chapter 2000

PAYROLL VOUCHERS

Federal agencies and Government offices follow the instructions in this chapter to prepare payroll vouchers for civilian employees of executive agencies.

Section 2010—Scope and Applicability

This chapter prescribes the requirements and standard forms (SFs) to be used in preparing payroll vouchers for civilian employees of executive agencies.

Section 2015—Authority

Responsibilities for the head of each executive agency include the following:

- Establishing and maintaining an adequate payroll system;

OR

- Using a payroll service provider that provides a system for covering pay, leave, and allowances, as a part of the system of accounting and internal control required by the Accounting and Auditing Act of 1950 (31 U.S.C. 3513). This system must conform to the principles, standards, and related requirements prescribed by the Comptroller General.

The Office of Personnel Management (OPM), the Office of Management and Budget (OMB), and the Department of Labor (DOL) issue regulations related to payroll voucher preparation. The Government Accountability Office's (GAO's) *Policies and Procedures Manual for Guidance of Federal Agencies* also governs payroll preparation.

Section 2020—Compliance With Executive Order 13224 (Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism) and Foreign Assets Control Regulations

Compliance with Executive Order 13224 and the Foreign Assets Control Regulation at 31 CFR Chapter V is the responsibility of agency Personnel departments.

Executive Order 13224 prohibits transactions with persons who commit, threaten to commit, or support terrorism. The Department of the Treasury's (Treasury's) Office of Foreign Assets Control (OFAC) maintains the Specially Designated Nationals (SDN) and Blocked Persons list, which provides a list of individuals and entities covered by Executive Order 13224. The SDN and Blocked Persons list also includes the additional restrictions found in the Foreign Assets Control regulations at 31 CFR Chapter V.

Agencies must not make or certify payments; or draw checks, warrants, or wire transfers made payable to an individual or organization listed on the SDN and Blocked Persons list. Agencies should consult the SDN and Blocked Persons list at <http://www.ustreas.gov/offices/enforcement/ofac/sdn/index.html> before making payments. Agencies should screen when hiring.

Direct questions concerning Executive Order 13224 or the SDN and Blocked

Persons list to OFAC. See the contact information on the Web site at <http://www.ustreas.gov/offices/enforcement/ofac/contacts.html> or call 202-622-2490.

Section 2025—Prescribed Standard Forms

The following SFs are prescribed:

- SF 1166: Voucher and Schedule of Payments or electronic version SF 1166 EDP;
- SF 2812: Report of Withholdings and Contribution for Health Benefits, Life Insurance and Retirement;

AND

- SF 2812A: Report of Withholdings and Contributions for Health Benefits by Enrollment Code.

Treasury, GAO, General Services Administration (GSA), OPM, and the Department of State prescribe other forms used in payroll voucher preparation.

Section 2030—Voucher Preparation and Scheduling

Agencies access the Secure Payment System (SPS) for electronic voucher preparation and scheduling. See the SPS Data Entry Operator User Manuals for more information. It is preferable to use electronic transmission of the bulk file. If

an agency does not have access to SPS, or in case of emergencies, an agency may submit the payment information on a manually typed SF 1166.

In the case of emergencies, agencies use SF 1166s for scheduling all regular biweekly payroll submissions. They should schedule all salary payments on an electronic bulk pay file each pay period. Agencies must transmit the SF 1166 to the Regional Financial Center (RFC) according to a prearranged schedule agreed to between the head of the agency and the Chief Disbursing Officer.

- All payment items to be made by check should be included in the same electronic bulk pay file, and a summary schedule, in lieu of an SF 1166 form, should include the bulk pay file total item count and dollar total.
- Federal tax payments are accomplished via Treasury’s electronic program, Federal Agency Tax Deposit System, “FEDTAX II.” Refer to FEDTAX II at <http://www.fms.treas.gov/fedtax> and TFM Volume I, Part 3, Chapter 4000.
- SF 2812 and SF 2812A are sent to OPM via the Retirement and Insurance Transfer System (RITS) application on the Intra-governmental Payment and Collection (IPAC) system prior to employees’ official pay dates and at the time agreed upon by agencies and OPM. Refer to the IPAC Web page for more information regarding RITS at <http://www.fms.treas.gov/goals/ipac>.

2030.10—Electronic Payment Files

Electronic payment files for reporting salary payments to Treasury’s RFCs, in addition to the net salary payment, may include the following items:

- Terminal leave settlement payments;
 - Employees’ savings allotments;
 - Charitable contributions;
 - Voluntary allotments;
 - Long-term care insurance;
 - Union dues and dues to associations of management officials and supervisors;
 - Adjusted wage garnishments;
- OR
- Child support.

2030.20—Paper U.S. Savings Bonds

Paper Series EE and/or I U. S. Savings Bond purchases on behalf of employees are accomplished by transmitting the electronic savings bond file registration information and the order form to the Federal Reserve Bank of Cleveland-Pittsburgh Branch (FRB of Cleveland-Pittsburgh Branch) in Pittsburgh, Pennsylvania.

Bond files must adhere to format specifications required by Treasury and the FRB of Cleveland-Pittsburgh Branch and include the following registration information:

- Name, address, and social security number (SSN) of the bond owner;
- Name of co-owner or beneficiary, if provided by the purchaser;

AND

- Bond series (EE or I), denomination, and issue date for the bond for “bond average dating.”

Bond order forms must provide summary totals of the bond files and include the following information:

- The number of bonds and their purchase price by denomination;

- The grand total number of bonds and purchase price for all denominations;
- The ending date of the pay period for which the bonds are being purchased;

AND

- The date and authorized signature of the officer ordering the bonds.

Information on acquiring U.S. Treasury securities in electronic form through payroll savings is referenced in TFM Volume I, Part 3, Chapter 1000, Section 1050.

Section 2035—Voucher Verification and Certification

2035.10—Voucher Verification

Agencies access the electronic voucher verification and certification procedures through the Web-based SPS for payment certification. This is the only method of certification.

See the following for instructions on certifying, verifying, and submitting vouchers for payments.

- TFM Volume I, Part 4, Chapter 2000;
- TFM Volume I, Part 4, Chapter 1100;
- SPS Certifying Officer Manual.

Agencies must receive verification of the SF 1166 prepared for the creation of checks or automated clearinghouse (ACH) payments before certification. Verification must include a crosscheck for accuracy to reduce the possibility of unauthorized, fraudulent, and other irregular acts.

2035.20—Voucher Certification

SPS is an automated program for payment schedule preparation, certification, and transmission. Agencies use SPS to provide officially certified disbursement schedules to Treasury.

With the full implementation of the Web-based SPS, agencies can use any PC that meets minimum hardware and software requirements to access the system. See the SPS Certifying Officer Manual (available from the agency's servicing RFC) for more information or contact the SPS help desk at the agency's servicing RFC.

Before the designated Certifying Officer authorizes payment, agencies must approve and certify the payroll schedules for recording and payment of the payroll. (See the instructions in TFM Volume I, Part 4, Chapter 1100, for the procedures and forms necessary to designate a Certifying Officer.)

The Certifying Officer is appointed in writing and does not:

- Compute the individual amounts payable;
- Maintain the payroll records;

OR

- Distribute pay.

In accordance with 31 U.S.C. 3528, the Certifying Officer must examine the facts underlying the vouchers to assure the correctness and validity of the payments and must verify that payments made by the Federal Government are legal, proper, and correct. Treasury keeps a paper and an electronic signature on file for each Certifying Officer. When a payment request certification is received via an SF 1166, the Financial Management Service (FMS) verifies the Certifying Officer's signature against control samples previously submitted via FMS 210: Designation for Certifying Officer (see TFM Volume I, Part 4, Chapter 1100). If the certification is submitted via SPS, FMS verifies the digital signature prior to further processing. After the signature is

verified, a Disbursing Officer at the RFC issues the payment according to the Certifying Officer's instructions. Payment instructions from the Certifying Officer include the recipient's name, dollar amount of the payment, and where the payment is to be directed.

Section 2040—Method of Payment

In accordance with the Debt Collection Improvement Act of 1996 (DCIA), most Federal payments are to be made via the EFT method known as ACH. Agencies will make payments primarily by EFT or, on an exception basis, by check when authorized. Agencies should encourage employees to have their net pay sent directly to accounts in a financial institution, as this method of payment is more advantageous to both the Government and the employee.

An Electronic Transfer Account (ETA) is an account designed to ensure that individuals who receive certain types of Federal payments have access to an account at a reasonable cost and with the same consumer protections available to other account holders at the same financial institution. Anyone receiving a salary payment from the Federal Government is eligible to open an ETA.

2040.10—Payment Aftermath/ Agency Accounting and Claims

Agencies access the Government On-Line Accounting Link System II (GOALS II), Information Access System (IAS), to obtain the inclusive check numbers assigned to the SF 1166 schedule. Agencies use the inclusive check numbers or trace numbers for ACH payments to identify the payments, should it be necessary to process a nonreceipt claim (TFM Volume I, Part 4, Chapter 7000). Treasury's Payments, Claims, and Enhanced Reconciliation (PACER) can provide agencies with information on the following:

- Specific check and trace numbers;

- Status as to whether the check has been negotiated, canceled, is still outstanding, or the ACH payment has been returned.

Section 2045—Supplemental Payments

Agencies may process supplemental payrolls if employees due pay were not included on the regular payroll.

Section 2050—Claims for Deceased Employees

In 1996, the procedures and forms to be used to process claims for deceased Federal employees were transferred from GAO to OPM. In the "Determination with Respect to Transfer of Functions Pursuant to Public Law 104-53," dated June 28, 1996, the Acting Director of OMB delegated this and other transferred functions to other agencies. See 31 U.S.C. 3702 and 5 U.S.C. 5583 for claims involving Federal civilian employees' compensation and leave, and settlement of deceased employees' accounts.

Section 2055—Federal Offset Program

2055.10—DCIA

The DCIA requires the Federal Government to withhold or reduce certain Federal payments to satisfy the delinquent non-tax debts owed to the United States by the payee. This process is known as "administrative offset." In addition, the DCIA requires Federal agencies, to identify Federal employees who owe delinquent debt to the United States, using a process known as "centralized salary offset." FMS's Treasury Offset Program (TOP) compares delinquent debt information with Federal salary payment information for offsetting the salary payments of those employees who owe debt to the United States.

2055.20—Taxpayer Relief Act of 1997

The Taxpayer Relief Act of 1997 authorized the Internal Revenue Service to continuously levy up to 15 percent of certain Federal payments, including Federal salary payments, to collect delinquent taxes. TOP also is used to match delinquent tax debts with Federal

salary and other payments for levying the salary payments of those employees who owe delinquent taxes to the United States.

Payroll processing agencies send extract files to FMS containing payment information for all employees. FMS compares the extract file to the National Interactive Delinquent Debt Data Base, identifies matches, and transmits an

electronic file containing the identified matches and the debt balances back to the payroll processing agencies. The payroll processing agency offsets or levies up to 15 percent of disposable pay and sends the funds to FMS. FMS then sends the funds to the creditor agencies.

CONTACTS

Direct inquiries concerning this chapter to:

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