

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

(CT:FMP-32; 08-15-2005)
(Office of Origin: RM/FPRA/FPMC)

4 FAH-3 H-551 GENERAL

(CT:FMP-32; 08-15-2005)

Descriptions 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 *are* found in 4 FAH-3 H-550.

4 FAH-3 H-551.1 Scope and Applicability

(CT:FMP-32; 08-15-2005)

- a. *This subchapter describes the vouchering and the payment of salaries and allowances.*
- b. Provisions of this subchapter are applicable to both *the Consolidated American Payroll Processing System* (CAPPS) and *the Foreign Service National* (FSN) Payroll systems.

4 FAH-3 H-551.2 Authorities

(CT:FMP-32; 08-15-2005)

- 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 Government *Accountability* Office (GAO), and the Department of Treasury.
- b. The Treasury Financial Manual (TFM), Vol. 1, Chapter 3-2000 and *SR-99-5, Human Resources and Payroll Systems Requirements (1999), issued by the Joint Financial Management Improvement Program (JFMIP)*, 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

(CT:FMP-32; 08-15-2005)

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

- (1) Form SF-50, Notification of Personnel Action, data from the personnel system;
- (2) Authority to pay telegram request from employee's current payroll office; or
- (3) Form JF-62, Personal Services Contracting Action.

Master files 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) *Form* TSP-1, Thrift Savings Plan Election;
- (3) *Form* SF-1199-A, Direct Deposit Sign-Up;
- (4) *Form DS-1992*, Allotment of Pay;
- (5) *Form* SF-2809, Health Benefits *Election*;
- (6) *Form* SF-2817, Life Insurance Election;
- (7) *Forms SB-2152 (Series EE) or SB-2253 (Series I)*, Authorization for Purchase and Request for Change;
- (8) *Form* TSP-20, Thrift Savings Plan Loan *Application*;
- (9) *Form* SF-1187, Request for Payroll Deductions for Labor Organization Dues; and

(10) *Form OPM-1654*, Combined Federal Campaign *Pledge Card*.

d. Notification should be made by RM/GFS/F/R, the legal office, or other applicable authority of authorization to garnish or withhold for debt to the United States Government.

4 FAH-3 H-552.2 Regular Payroll

(CT:FMP-32; 08-15-2005)

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 *available* to employees each pay period.

4 FAH-3 H-552.3 Supplemental Payrolls

(CT:FMP-32; 08-15-2005)

Under the CAPPS system, 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. *The FSN Payroll system cannot generate supplemental checks. If an additional payment is required, the amount due will be included in the payroll for the next pay period.*

4 FAH-3 H-552.4 Pay Periods

(CT:FMP-32; 08-15-2005)

The pay period for all employees 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

(CT:FMP-32; 08-15-2005)

The Department of Treasury prescribes the following standard forms for the purpose of making payments (1 TFM 3-2020):

(1) *Form SF-1166*, Voucher and Schedule of Payments;

- (2) *Form* SF-1166-OCR, Voucher and Schedule of Payments (OCR Readable); and
- (3) *Form* SF-1166-EDP, *for* Treasury's Electronic Certification System.

4 FAH-3 H-553 CERTIFICATION

4 FAH-3 H-553.1 Authority

(CT:FMP-32; 08-15-2005)

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, *Voucher Certification and Payment*.

4 FAH-3 H-553.2 Responsibilities

(CT:FMP-32; 08-15-2005)

- a. *Prior to certification of the payroll voucher, verification must be performed to provide for accuracy and to reduce the possibility of unauthorized, fraudulent, and other irregular acts. In addition,* 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 servicing office must have procedures in place for ensuring the validity of the voucher.*
- b. The payroll voucher must be certified by a duly authorized certifying officer *who does not compute the individual amounts payable, maintain the payroll records, or distribute the paychecks.* No employee may certify his or her individual disbursements, but may certify a voucher for the Department payroll that includes his or her pay. The certified voucher schedule is transmitted to the Treasury or the *U.S. disbursing officer* (USDO) for payment.

4 FAH-3 H-554 PAYROLL PAYMENT

4 FAH-3 H-554.1 Time of Payment

(CT:FMP-32; 08-15-2005)

Payments to employees of the Department and other agencies serviced by

the Department payroll office shall be made no later than the second Thursday after the close of the pay period.

4 FAH-3 H-554.2 Payday for Foreign Service National (FSN) Payroll Systems

(CT:FMP-32; 08-15-2005)

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, the *Deputy Assistant Secretary for Global Financial Services* may determine some other payday.

4 FAH-3 H-554.3 Source of Funds – Consolidated American Payroll Processing System (CAPPS)

(TL:FMP-4; 06-15-1995)

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 – Foreign Service National (FSN) Payroll System

(TL:FMP-4; 06-15-1995)

Payroll costs are charged to pertinent agencies' appropriations and 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

(CT:FMP-32; 08-15-2005)

- 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 SF-1199-A 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. All employees hired after July 26, 1996 are subject to mandatory EFT requirements consistent with the *Debt Collection Improvement Act of 1996 (31 U.S.C. 3332)*. The law mandates (*with some exceptions*) EFT for all Federal payments. 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. This applies to all employees of the *Department of State* as well as to employees of all agencies serviced by the *Department of State*.
- c. Overseas, for non-American employees, including foreign service nationals, personal service contractors, individuals hired through personal service agreements, and all benefit recipients, the *Department of State* 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 *RM/GFS* center 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

(CT:FMP-32; 08-15-2005)

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. *Information about living quarters allowance and temporary quarters subsistence allowance may be found in the Department of State Standardized Regulations (DSSR), Chapters 130 and 120, respectively.*

4 FAH-3 H-555.3 Advances

(CT:FMP-32; 08-15-2005)

- 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 *a* recurring deduction. 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.
- 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 *Accounts Receivable (RM/GFS/F/R)*.

4 FAH-3 H-556 METHOD OF PAYMENT— FOREIGN SERVICE NATIONAL AND LOCALLY EMPLOYED RESIDENT U.S. CITIZEN (AMCIT) EMPLOYEES

4 FAH-3 H-556.1 Salaries and Allowances

(CT:FMP-32; 08-15-2005)

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.

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; 06-15-1995)

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

(CT:FMP-32; 08-15-2005)

- 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; *and*
 - (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;
 - (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 *HR, RM*, and the regional bureau. *RM/GFS* 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; 06-15-1995)

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; 06-15-1995)

When an FSN employee participates in the Civil Service Retirement System (CSRS), 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 Purchase of Retirement Credits

(CT:FMP-32; 08-15-2005)

- a. The post may authorize an allotment of pay by Treasury dollar check (payable to OPM) when OPM has authorized an FSN employee to make a deposit or redeposit for past creditable service. The employee authorization is accomplished through Form *DS-1992*.
- b. The post personnel office must ensure that *a Form SF-2803, Application to Make Deposit or Redeposit (CSRS)*, for each employee making a deposit has been prepared to accompany the check to OPM.
- 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 *RM/GFS* 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-556.5 Currency Exchange Rates

4 FAH-3 H-556.5-1 Salaries and Allowances Fixed in U.S. Dollars

(CT:FMP-32; 08-15-2005)

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.

4 FAH-3 H-556.5-2 Salaries Fixed in Foreign Currency

(TL:FMP-4; 06-15-1995)

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; 06-15-1995)

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)

(CT:FMP-32; 08-15-2005)

CAPPS prepares the following external reports.

- (1) *Payroll Advice of Charge*, Form FS-478, *Net Disbursements and Collected Reimbursements*, and Form SF-1081, Voucher and Schedule of Withdrawals and Credits (to serviced agencies biweekly).
- (2) Form 941, Employer's Quarterly Federal Tax Return showing compensation, federal income tax withheld, and social security taxes (to the Internal Revenue Service (IRS) quarterly).

- (3) Form W-2, Wage and Tax Statement on taxable compensation and U.S. income taxes and social security taxes withheld (to the Social Security Administration (SSA) and pertinent states annually).
- (4) Form 1099-INT, Statement for Recipients of Interest Income on interest paid of \$600 or more in the calendar year (to IRS annually).
- (5) Forms SF-2812 and SF-2812-A, Journal Voucher and Report of Withholdings and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement (by agency to OPM biweekly).
- (6) Form DS-1834, Journal Voucher and Report of Withholdings and Contributions for Foreign Service Retirement Systems (to the Foreign Affairs Retirement and Disability System biweekly).
- (7) Annual Reconciliation of Payroll Deductions transmits retirement withholdings and contributions summary (to parent agencies annually).
- (8) Form SF-2806, Individual Retirement Record data for Department of State employees (to Retirement Accounts Division biweekly).
- (9) Form SF-224, Statement of Transactions 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 Foreign Service National (FSN) Payroll System

(CT:FMP-32; 08-15-2005)

The payroll system is integrated with the Regional Financial Management System (RFMS). RM/GFS prepares the following external reports.

- (1) Obligation and liquidation reports FMC-60 and FMC-62 (to agencies receiving allotment accounting services) and a biweekly Payroll Expenditure report and a Payroll Advice of Charge report (to other agencies).
- (2) Form SF-1221, Statement of Transactions reflecting payments and collections by the USDO (to Treasury monthly).
- (3) Form 941, Employer's Quarterly Federal Tax Return showing

compensation, federal income tax withheld and U.S. social security taxes paid (to the Internal Revenue Service (IRS) quarterly on FSN/PRA and AMCITs).

- (4) Form W-2, Wage and Tax Statement on taxable compensation and federal income taxes and U.S. social security taxes withheld (to Social Security Administration (SSA) on FSN/PRA and AMCITs annually).
- (5) Forms SF-2812 and SF-2812-A, Journal Voucher and Report of Withholdings and Contributions for Health Benefits, Group Life Insurance and Civil Service Retirement (for CSR to OPM biweekly).
- (6) Local Employee's Pay card for FSNs participating in the Civil Service Retirement System (CSRS) (to headquarters of parent agency at least annually).
- (7) Annual Reconciliation of Payroll Deductions 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 for local social security program when it functions on other than a biweekly schedule.
- (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