

4 FAH-2 H-400 PAYMENTS

4 FAH-2 H-410 DISBURSEMENTS

(CT:DOH-16; 08-16-2005)
(Office of Origin: RM/FPRA/FPMC)

4 FAH-2 H-411 INTRODUCTION

(TL:DOH-1; 06-13-2001)

This subchapter prescribes the procedures for processing payments chargeable to U.S. dollar appropriations.

4 FAH-2 H-412 U.S. DISBURSING OFFICER (USDO) RESPONSIBILITY

(CT:DOH-16; 08-16-2005)

- a. The USDO is the only person authorized to make direct disbursements from government funds. A USDO is authorized to make disbursements for any item for which the USDO has a properly certified voucher. The USDO may delegate duties but remains primarily accountable. The payment cycle supervisor (under the supervision of the USDO) is responsible for performing the detailed supervision of the payment cycle, including resolving payment cycle related problems and ensuring that the proper actions are performed by the staff at the right time.
- b. Disbursements by a USDO are made by *either*:
 - (1) Automated no-check payment process approved by Treasury which consists of magnetic tape, diskette, electronic funds transfer (EFT), or computer listing which directs a bank to credit a vendor's account with a corresponding charge to the account of the USDO.
 - (2) Cash or checks, either U.S. dollar checks drawn on the U.S. Treasury's general account or local currency checks drawn on a

designated *operating* account.

- (3) *In addition, cash disbursements by a designated cashier may be made to accommodate payments for small purchases in accordance with 4 FAH-3 H-390.*
- (4) *The USDO will credit bank interest or related charges received on all designated operating accounts to the U.S. Treasury Gains and Deficiencies account 206763.*

4 FAH-2 H-413 OBTAINING FUNDS FOR DISBURSEMENTS

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The USDO may obtain funds for official disbursements by the following methods.

- (1) Use of collections, including suspense deposits abroad.
- (2) Issuance and negotiation or deposit of Treasury checks.
- (3) Exchange transactions for official purposes as follows:
 - (a) Purchase of foreign currency with U.S. dollar Treasury checks or cash.
 - (b) Purchase of foreign currency drafts for the purpose of remitting payments to government creditors.
 - (c) Purchase of U.S. currency, checks, drafts, bills of exchange, or other instruments representing official funds for which the USDO is accountable.
- (4) Purchase of funds from the chief disbursing officer (CDO), Department of Treasury or other accounting officer is by:
 - (a) Book transfer of funds (accounting entry transfers between accounts);
 - (b) *Wire* transfer of funds; and
 - (c) Shipments of U.S. or foreign currency.
- (5) Funds for or from accommodation exchange transactions as provided in 4 FAH-3 H-360.

4 FAH-2 H-414 BASIC DISBURSEMENT REQUIREMENTS

(CT:DOH-16; 08-16-2005)

- a. All disbursements, whether in cash, by check or *electronic funds transfer* (EFT), for authorized and lawful payments must be certified and supported by backup documentation. Sufficient information should be shown on the disbursement vouchers or on documents attached thereto to enable the audit of the transaction.
- b. To prevent duplicate payments, vouchers, voucher-schedules or computer files with associated vouchers must be identified with a unique voucher reference number to prevent the processing of the payment a second time.
- c. Control over disbursements.
 - (1) The principal objectives of control over disbursements are to insure that all disbursements are legal, proper, correct, accurately recorded, and reported in a timely and efficient manner to Treasury, Internal Revenue Service, fund managers, or other agencies in compliance with existing regulations.
 - (2) Disbursement should be in conformity with Department of State principles and standards for internal management control and cash management policies.
 - (3) Large payments, by their very nature, are vulnerable to being processed as materially incorrect or improper. For example, errors have been made because payments were in the wrong currency. The USDO will conduct a review and approve all payments over one million U.S. dollars or the equivalent in foreign currency.
 - (4) The maximum amount for which an individual payment can be issued is dependent on the type of payment instrument. Maximum individual payment amounts for each payment instrument are as follows:

Paper check, with automated processing	U.S. \$9,999,999.99
Paper check, with manual processing	\$99,999,999.99
ACH (automated clearing house)	\$99,999,999.99
EFT	\$999,999,999.99
 - (5) The Debt Collection Improvement Act of 1996 mandates the use of EFT for almost all federal government payments. *Automated Clearing House* (ACH) is the preferred mechanism for all payment

amounts less than 100 million U.S. dollars. Large dollar payments that exceed the maximum amounts identified above should be broken into multiple payments.

(6) A USDO disbursing large payments will report to the Treasury in the following manner:

(a) For \$50 million or more to a single payee, other than to another government agency, the USDO will report two days prior to the payment the name of the approving agency, the intended date of issuance, the amount to be disbursed, the name and address of the payee (or payee's bank if the funds are so directed), and the method of disbursement.

(b) This information should be faxed to:

Funds Control Branch, Accounting Control Branch, Financial Management Service, Department of the Treasury.

Fax Number: 202-874-9945 *or 9984*

Phone Number: 202-874-9789 *or 9790*

A copy of the information should also be sent to *RM/GFS/S/ODO*.

4 FAH-2 H-415 METHODS OF DISBURSEMENT

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- a. A U.S. dollar obligation may be paid in either U.S. dollars or in local currency provided there is no restriction that limits the form of payment in local currency. Payments are made by checks, *electronic funds transfer* (EFT), and paper funds transfers. Systems used include the Society for Worldwide Financial Telecommunications (SWIFT), Fed line, telex, and bank-provided programs.
- b. *An obligation that is based on an amount in local currency is normally paid in that same currency. Properly authorized payments of local currency expense vouchers of employees may be paid in dollars provided there is no disadvantage to the U.S. Government and no restriction by the host country that limits payments in U.S. dollars. Payments in U.S. dollars to locally employed staff are prohibited wherever there is a parallel (black) foreign currency market except when the employee is travelling abroad on official trips for the U.S. Government, or waiver has been granted.*

4 FAH-2 H-416 RATE OF EXCHANGE FOR DISBURSEMENTS

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- a. *RM/GFS* Charleston sends a worldwide cable each day announcing the official USDO rate of exchange for all currencies. The rate of exchange for disbursements is the official USDO rate of exchange on the date the payment is authorized, unless the certifying official specifies a different rate. For payroll vouchers to local employees, the applicable rate of exchange as of the payment *processing* date is used. (See 4 FAH-2 H-512 on how prevailing rate is used.)
- b. The exchange rate tolerance in the system should be set at no more than 10% for all currencies *unless an extreme situation exists in a country that would require that country's rate to be adjusted*. Vouchers entered using more than the *approved* tolerance *level* should be flagged and reviewed by the USDO.
- c. U.S. dollar equivalents are computed to the nearest cent, counting one-half cent and over as a whole cent.

4 FAH-2 H-417 THROUGH H-419 UNASSIGNED