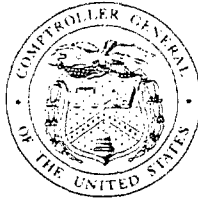


10,713

DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D.C. 20548

FILE: B-193867 *Addressee*

DATE: July 11, 1979

MATTER OF: Use of imprest funds for partial and emergency salary payments

DIGEST: GAO has no objection to Treasury Department proposal to authorize, in limited circumstances, use of imprest funds for partial salary payments to new employees and for certain emergency salary payments, as long as payments do not represent advance payments, proposal is coordinated with Office of Personnel Management and Office of Management and Budget to assure consistency of regulations, and time and attendance reporting requirements are satisfied.

This decision is in response to a request from the Commissioner, Fiscal Service, Department of the Treasury (Treasury), for our views on a proposal to permit the use of imprest funds (1) to make emergency salary payments without specific advance approval by Treasury, and (2) to make partial salary payments to new employees early in the week following the first week of employment.

Currently, Treasury permits agency use of imprest funds for emergency salary payments in the following situations:

1. Payments to employees who are not issued a check on the scheduled payday due to an administrative error or to a delay in processing necessary documents;
2. Payments to youths hired under special programs for the disadvantaged during the initial pay period when waiting for the normal payday would impose a serious financial hardship; and
3. Payments to employees who receive a salary check for less than 90 percent of the net amount due.

Under current procedures, each agency wishing to use imprest funds in this way must obtain Treasury's advance approval. Treasury further requires that such payments be entered on agency payroll records, that no payments be made prior to the time work has been performed and compensation earned, and that imprest funds be used only in locations not situated near a disbursing center. Treasury

[Limited Use of Imprest Funds]

~~005834~~

B-193867

has informally advised us that approximately one-third of all Federal agencies have already requested, and been granted, approval to make emergency salary payments as outlined in this paragraph.

Treasury now states that many new Federal employees are faced with a hardship situation prior to receipt of their first salary check analogous to the situations of employees eligible for receipt of emergency salary payments. Although Treasury has not previously permitted partial salary payments to new employees, it notes that employees hired at the beginning of a pay period must generally wait a minimum of 3 weeks before receiving their first salary check. This lapse of time can impose financial hardship on an employee. The partial salary payments proposed by Treasury to be made in the second week of employment would be subject to the same guidelines presently imposed with respect to emergency salary payments.

We have reviewed titles 5 and 31 of the United States Code and know of ~~no statutory~~ ^{no} impediment to Treasury's proposal. 5 U.S.C. § 5504 defines the basic pay period as "two administrative workweeks" but does not preclude the types of partial or emergency payments contemplated by the proposal. In addition, 31 U.S.C. § 529 generally prohibits advance payments. Thus, as Treasury recognizes, the partial or emergency salary payments may not represent advance payments (except as authorized by 5 U.S.C. § 5522).

As Treasury also recognizes, various regulations will have to be amended to implement the proposal. For example, the Treasury Fiscal Requirements Manual, title 4, section 3040.20, currently prohibits the use of imprest funds to make cash payments for personal services unless specifically authorized. Also, the proposal should be coordinated with the Office of Personnel Management (OPM), which is responsible for prescribing pay administration regulations under 5 U.S.C. § 5504(c), and with the Office of Management and Budget (see, e.g., OMB Circular No. A-36, October 25, 1948).

Section 112(a) of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. § 66(a)) requires the Comptroller General to prescribe the principles, standards, and related requirements to be observed by Federal departments and agencies in the operation of their financial management systems. These principles, standards, and requirements are set forth in the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies. The GAO Manual does not prohibit the use of imprest funds for the contemplated partial and emergency salary payments. In pertinent part, the Manual provides:

"An imprest fund should satisfy a definite and continuing need of an agency for making cash disbursements. Disbursements from imprest funds generally are made:

- "1. To vendors for goods and services.
- "2. To employees as advances for specifically authorized expenditures.
- "3. To employees as reimbursements for authorized expenditures. * * *

* * * * *

"Agencies having imprest funds shall issue regulations and establish procedures for their use. Such regulations and procedures shall be consistent with regulations of the Treasury Department * * *." 7 GAO 27.3 and 27.8.

We would point out, however, that 6 GAO 16.2 requires time and attendance reports for each civilian employee, to "provide affirmative evidence that each employee is entitled to his normal pay or to a greater or lesser amount by a showing as to the number of hours of duty attendance and the nature and length of absences." Should the Treasury proposal be implemented, corresponding adjustments to the time and attendance procedures currently used by the various agencies would be necessary.

Subject to the qualifications mentioned above--prohibition on advance payments, appropriate coordination with OPM and OMB, and adherence to time and attendance reporting requirements--we have
no objection to the Treasury Department's proposal.

where

R. F. Killian
Acting Comptroller General
of the United States