

6 FAM 550 REPORTING REQUIREMENTS

(CT:GS-153; 02-20-2007)
(Office of Origin: A/OPR/CR)

6 FAM 551 CHARTER

(CT:GS-153; 02-20-2007)
(Uniform State/USAID/Commerce/Agriculture)

- a. All employee associations must operate under a charter signed by the principal officer or designee thereof and two board members, reviewed by A/OPR/CR and approved by the Assistant Secretary for Administration. The charter shall clearly describe all services to be provided by the association. Any proposed changes in the services provided under an approved charter must also be submitted to A/OPR/CR for review and signature by the Assistant Secretary for Administration prior to their initiation. The charter shall follow the format provided by A/OPR/CR.
- b. In the absence of an approved charter, no association will be authorized to operate on U.S. Government-owned or -leased property and/or under U.S. Government auspices. Without a charter, associations may not import duty-free products under the name of the principal officer, operate as a U.S.G. instrumentality for federal tax purposes, receive loans or grants from the Central Commissary and Recreation Fund, receive assistance from the Office of Commissary and Recreation Affairs, or receive support (space, utilities, properties, etc.) from the post.

6 FAM 551.1 Charter Revocation

(CT:GS-153; 02-20-2007)
(Uniform State/USAID/Commerce/Agriculture)

If an association is determined to have been continuously mismanaged, and is not in compliance with the charter and these regulations; or creates a significant embarrassment to the mission or U.S. Government, upon the recommendation of the Office of Commissary and Recreation Affairs, the Assistant Secretary for Administration has the authority to revoke the charter and close down the association.

6 FAM 552 BYLAWS

(CT:GS-153; 02-20-2007)
(Uniform State/USAID/Commerce/Agriculture)

On the establishment of an overseas employee association, bylaws must be drafted in a format provided by A/OPR/CR and in accordance with Robert's Rules of Order. The original document must be sent to the Department (A/OPR/CR) for review and approval. In addition, revised bylaws of existing employee associations must be provided to the A/OPR/CR for review and approval.

6 FAM 553 POST PROFILE

(CT:GS-153; 02-20-2007)
(Uniform State/USAID/Commerce/Agriculture)

- a. Data on employee association operations is to be maintained in the employee association section of Post Profiles on the Department's OpenNet.
- b. Employee associations are to update responses in full by the due date established by A/OPR/CR in the format provided and also to provide periodic updates as changes occur.

6 FAM 554 ANNUAL CERTIFICATION

(CT:GS-153; 02-20-2007)
(Uniform State/USAID/Commerce/Agriculture)

- a. An annual certification statement signed by the principal officer, or the principal officer's designee, is to be sent to A/OPR/CR by the deadline determined by that office. A sample format for this certification will be sent to associations each year. The certification statement must:
 - (1) Certify that the operations of the association are managed prudently and in accordance with 6 FAM 500 regulations and the laws of the host government, to the extent that they do not contravene U.S. federal law; or
 - (2) Identify in detail where the operations are not in conformance with regulations or local laws and provide a plan and schedule for remedying the non-conformance.
- b. Repeated or serious instances of noncompliance, failure to take remedial action, or false certifications shall be referred to the Director General (M/DGP) by the Assistant Secretary for Administration for appropriate disciplinary action.

6 FAM 555 ASSESSMENT

(CT:GS-153; 02-20-2007)

(Uniform State/USAID/Commerce/Agriculture)

Employee associations shall remit an annual assessment payment to the Central Commissary and Recreation Fund. The assessment shall be a percentage of gross revenues as determined by the Central Commissary and Recreation Fund Board. Employee associations will be notified annually as to the amount to be remitted.

6 FAM 556 FEDERAL TAXES

(CT:GS-153; 02-20-2007)

(Uniform State/USAID/Commerce/Agriculture)

Employee associations are United States Government instrumentalities for federal tax purposes. These requirements apply only to U.S. citizen employees of the Association and to U.S. resident alien employees temporarily located outside the U.S. Therefore, the employee association is subject to employer taxes under 26 U.S.C. 3121, and to withholding requirements under 26 U.S.C. 3404. These requirements do not apply to nonresident alien employees because such personnel are not within the United States' taxing jurisdiction for income tax, withholding purposes. As long as the association is chartered by and operates under the regulations of the U.S. Department of State, the association is not subject to direct taxes on its own income, nor is it required to pay federal unemployment taxes (26 U.S.C. 3306). Associations should contact A/OPR/CR to apply for employer identification numbers and for assistance in meeting filing requirements, correcting errors and liaising with the IRS. Appropriate forms for withholding are available from the Internal Revenue Service website or from regional IRS offices.

6 FAM 557 FINANCIAL STATEMENTS AND AUDIT REPORT

(CT:GS-153; 02-20-2007)

(Uniform State/USAID/Commerce/Agriculture)

- a. A balance sheet and income statement must be submitted to the employee association Board of Directors on a monthly basis by association management. The association must also submit a balance sheet and income statement to the Department (A/OPR/CR) by August 15 (for the period January 1 through June 30) and by May 1 (for the period July 1 through December 31). The financial statements must conform to

U.S. generally accepted accounting principles (U.S. GAAP) or International Accounting Standards (IAS).

- b. An audit, including a physical inventory of stock and equipment, must be conducted at least annually by a firm of chartered, certified or otherwise qualified accountants or by two disinterested, qualified individuals (approved by A/OPR/CR) if no firm is available. The audit report must also be submitted to the Department (A/OPR/CR) by May 1 (for the period January 1 - December 31). The audit report must be conducted in accordance with U.S. generally accepted auditing standards (USGAAS) and guidelines provided by A/OPR/CR.
- c. These submissions must be stated in English and in U.S. dollars.

6 FAM 558 TRUSTEESHIP AND TERMINATION OF OPERATIONS

6 FAM 558.1 Trusteeship

(CT:GS-153; 02-20-2007)

(Uniform State/USAID/Commerce/Agriculture)

- a. If an association is determined to have been mismanaged, upon the recommendation of the A/OPR/CR, the Central Fund Board Chairperson shall approve trusteeship status for an association. The association board may be disbanded, if necessary, and the association monitored and guided by the principal officer (trustee) or his or her designee (trustee's representative). A management plan will be developed by the association trustee and submitted to A/OPR/CR to resolve management deficiencies.
- b. In order to ensure orderly management of assets and obligations in the event of dissolution or temporary closing of an employee association due to reduction or closing of post operations, or if for other reasons personnel are not available at the post to act on behalf of the members as authorized pursuant to association charters or bylaws, the principal officer is hereby delegated authority to act as trustee on behalf of the employee association subject to these regulations. In the event the principal officer cannot act at the post as otherwise authorized by this paragraph, the executive director of the regional bureau is hereby authorized to act as trustee on behalf of the employee association, in coordination with A/OPR/CR.

6 FAM 558.2 Termination of Operations

(CT:GS-153; 02-20-2007)

(Uniform State/USAID/Commerce/Agriculture)

- a. In order to ensure the timely and thorough liquidation of operations, employee associations must utilize a checklist provided by A/OPR/CR. The checklist must indicate that all financial obligations of the association have been met and will adequately reflect the sales of association inventories and assets, and the close-out of all association banking and investment accounts. The checklist must be submitted to A/OPR/CR along with a final independent audit report and a check (made payable to the Central Commissary and Recreation Fund) representing any residual association funds. Funds will be held on deposit for a period of ten years for the reestablishment of an employee association at post. After that time, the funds will be absorbed into the Central Fund.
- b. Association board officers or post personnel responsible for the formal termination of operations, who fail to adequately document the financial management of the close-out, may be held personally liable for lost/unaccountable funds.

6 FAM 559 UNASSIGNED