

Now that you're a Certifying Officer



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We originally issued this booklet in 1983 to provide a readable desk reference for all newly appointed Certifying Officers. Today, our original goal remains the same and we still believe this pamphlet is a useful resource for newly appointed Certifying Officers as well as those who have been in the position for some time. This revised addition includes language on the reporting of large dollar transactions and we have clarified the requirements for including taxpayer identification numbers on payment vouchers. Like the previous version, this version is an easily downloaded PDF document available from the Financial Management Service (FMS) Website.

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Now that you're a Certifying Officer

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Introduction

This pamphlet has been written for all of you who are certifying officers in the Federal Government. We hope that it will serve as a convenient introduction for those of you who are new on the job and as a helpful refresher for those of you who are veteran certifying officers. We want to emphasize in this pamphlet how important your responsibilities are as a certifying officer and how serious the consequences may be if you do not live up to them. We hope you will keep this pamphlet handy and refer to it often.

Why did we develop this pamphlet for You?

As a certifying officer, you are personally accountable for the correctness of Federal Government payments. You are one of nearly 1600 certifying officers, collectively accountable for over 1.7 trillion dollars each year. You have a big job!

Most of you are conscientious about your work. You are proud to be involved in the Federal Government, and you want to do your part helping it run smoothly and cost effectively. You're sensitive to issues like fraud, abuse, waste and mismanagement in the Federal Government. However, sometimes your own role may not seem to be important. After all, you are just one person among the thou-

sands and thousands. You may think that what you do or don't do won't make a difference.

We prepared this pamphlet to assure you that you do make a difference. You are accountable for your share of the 1.7 trillion dollars! In the following pages we're going to emphasize your responsibilities as a certifying officer, which are mandated by law. It is important for you to be aware of these responsibilities and know how to meet them.

How has personal accountability changed?

Two hundred years ago, when the Treasury Department was first established, the concept of personal accountability was simpler than it is today. In those early days of our country, all the money used to keep the Government running was paid out from one central location at the Treasury. And most of the transactions were made in cash.



Why this pamphlet?

The officers knew what goods were ordered and what goods were delivered. Their firsthand knowledge of transactions made accountability simple.

However, as Government grew, the system became more complicated. It was no longer workable for all payments to come from Washington, D.C.; certifying officers were needed throughout the country. Over the years new laws changed and strengthened the methods available for determining that payments are legal, proper and correct. However, the basic concept of personal accountability has remained intact.

During the second half of the 20th century, the Federal Government has grown rapidly in size and complexity. In the 1940's, vouchers documenting a business transaction were processed entirely by hand. Large

groups of clerks prepared and reviewed vouchers, verified their accuracy, and compared the facts on the vouchers with those on the source documents. Then certifying officers, who supervised these clerks, reviewed their work and, on the basis of their review, certified the payments.

What is a "Certifying Officer?"

Ever since Congress created the Treasury Department in 1789, certain Government employees have been held accountable for Federal payments. Specific people, called certifying officers in civilian agencies, have responsibility to verify that payments made by the Federal Government are legal, proper and correct. The verification involves certifying a voucher upon which a disbursement will be made. As a certifying officer you may supervise a unit within an accounting or data processing organization. In addition to ensuring that payments are legal, proper and correct, much of your time may be spent supervising accounting or payment processing.

What is "Personal Accountability?"

As a certifying officer you are held personally accountable, individually responsible for verifying that the Federal Government payments under your jurisdiction are legal, proper and

correct. This is your "personal accountability." If any payment that you have certified is found to be illegal, improper or incorrect, you may be held individually responsible for reimbursing the Federal Government for the amount of that payment. Being held responsible to the degree that you are required to reimburse these payments is termed "pecuniary liability."

Today, sophisticated computer systems have automated the process that was formerly done only by individuals. For example, both accounts payable and receivable are entered into central databases from multiple communication portals. The databases verify transactions, create on-line and output reports and generate payment records. Certifying officers certify these payments on the basis of the amounts on the database media. However, the fact that transactions affecting payments are legal, proper and correct actually is determined by individuals at the field offices or by a computer.

It is often impossible for today's certifying officers to personally review source documents and verify the facts on every payment because of the volume of payments and the complexity of today's systems. Instead, they must rely on the integrity and reliability of payment system certifications and individuals operating them.

What is a payment system?

A payment system includes all decisions and actions that are involved in making payments with Government funds for Government activities. It begins with reviewing and processing contractual documents, reports, and invoices and ends with the issuance of Treasury Checks or electronic funds transfers.

A payment system does not include decisions to purchase, lend, hire, fire, or award Federal assistance. As a certifying officer, your involvement in a payment system occurs at the end of the payment processing cycle.

Originally, individuals completed all the steps in a payment system manually. Today, most payment systems are automated. Manual systems and automated systems use different methods for making sure that payments are legal, proper and correct.

In a manual system, you work with the basic source documents. Although you can't completely determine if a payment is legal or accurate by examining the source documents, this examination does provide reasonable assurance that a transaction:

- Has been processed through all the designated responsible and authorizing officials.
- Is properly documented.

- Is computed correctly according to source documents.
- Is not improper, unreasonable, or fraudulent according to the information that is available.

The employees who initiate these source documents or sign them (not certifying officers) are the ones who actually determine that the payment is legal, proper and correct. You certify the payment based on these signed documents. However, you usually do not escape liability for losses resulting from improper certification by claiming you were either not in a position to personally ascertain that each item on a voucher was correct, or by claiming you must depend on the correctness of your subordinates' work.

If you rely on the statements and the computations of subordinates, you must assume responsibility for the correctness of their statements and computations. An exception may be made if it can be shown that neither you, nor your subordinates, in the reasonable exercise of care and diligence, could have known the facts.

Automated payment systems present special problems for certifying officers because you rarely examine individual payments or supporting documents. It can be difficult to certify these payments because:

- The number of transactions is so large
- Transactions are often system generated
- Data originates from multiple communication portals
- The payment file is system generated based on data received from other networks

A well-designed automated payment system will include evidence to verify that the system is designed and operating properly. You use this evidence to determine that payments are legal and accurate. Well-designed automated payment systems have procedures requiring that:

- Documents are properly authorized, approved and examined before they are transcribed into machine-readable form.
- Transcriptions are complete and accurate.
- Specifications that identify what systems are required to do are consistent with current legal and policy requirements. (These specifications also must specify adequate controls over inputs, processing, and outputs, and they must provide for processing all aspects of transactions properly.)
- Additions, deletions, or changes to data or computer programs are authorized and controlled.

- Equipment functions properly and operates according to preset stipulations.
- Physical access to documents and equipment is adequately restricted.
- Source data received from outside the processing departments and agencies or from other computer systems are processed according to the above criteria.

While you are still legally liable, under an automated payment system, the conditions under which you may be relieved may be different from those under a manual system.

Previously, accountable officers', which include Certifying Officers, requests for relief from liability were sent to the Comptroller General. However, in 1991, the Department of Justice determined that certain Federal Statutes purporting to authorize the Comptroller General to issue decisions relieving accountable officers from liability were unconstitutional, see Comptroller General's Authority to relieve Disbursing Officers from liability 14 Op. O.L.C. (1991). Thus, under certain law, the Government Accountability Office (GAO) decisions do not relieve accountable officers from legal liability. Furthermore, each agency is responsible for assessing the personal liability and obligations of its Certifying Officers.

Regardless of what system is used, no one has the authority to make known overpayments.



What types of payments are processed?

The Federal Government makes a wide variety of payments. For example, payments are made for employee payrolls, retirement benefits (civil service retirement, railroad retirement, social security), administrative expenses (contracts, purchase orders, travel, maintenance services etc.), and for grants-in-aid to state and local governments and tribal organizations. Many of the systems used to make these payments can be complex and there is a fair amount of diversity among them.

According to law and regulations, what are your responsibilities as a Certifying Officer?

As a certifying officer, you are responsible for the accuracy and legality of the payments made from Federal funds that you approve. Specifically, 31 U.S.C. 3528 states that you are:

- Responsible for any errors in certified payments.
- Responsible for making sure that the facts presented in certified documents for payment are complete and accurate.
- Responsible for illegal, improper or incorrect payments made by the Federal Government because you have made false, inaccurate or misleading certifications.
- Responsible for any payments made that are prohibited by law and that do not represent legal obligations under the appropriations or funds involved.

However, the Act also states that you are not required to make good on payments you certified if:

- You based your certifications on official records.
- You exercised due diligence in performing your duties.
- You had no personal knowledge of any illegal, improper or incorrect



payments and could not be expected to uncover them in the reasonable performance of your legal duties.

In addition, you must ensure that payments are in compliance with Executive Order 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism.

Federal Agencies are encouraged to limit the use of the Same Day Payment Process “Fedwire” to large dollar payments. In accordance with Treasury Financial Manual Volume I Part 6, Section 8500, in the event of a large dollar disbursement the Certifying Officer is responsible for submitting Large Dollar Notifications (LDN) to the Financial Management Service (FMS), Cash Forecasting Division.

Title 31, Chapter 33, Subchapter II (d) U.S.C. 3325, further clarifies the Certifying Officer’s responsibility by stipulating that each certified voucher submitted to a disbursing official should include the Taxpayer

Identification Number (TIN) of each person to whom payment may be made under the voucher. TINs on payment vouchers are not required under the following circumstances:

- a. Where an agency does not have the statutory or legal authority to require a Federal payee to submit a Taxpayer Identification Number and the agency has no other means of obtaining it;
- b. Where a Federal payment recipient is unable to obtain a Taxpayer Identification Number;
- c. Where the collection or provision of a Taxpayer Identification

Number has a detrimental effect on a law enforcement operation, military operation, national security, or emergency relief effort;

- d. Where the agency does not expect to make more than one payment, in an amount of \$200 or less, to the same recipient within a one-year period (i.e., the payment is non-recurring) and the cost of obtaining a TIN would be prohibitive; or
- e. Where FMS determines that the collection or provision of a TIN is not in the best interest of the Government

What should you do in carrying out your responsibilities to avoid liability?

Certifying officers have a heavy burden of verification in order to avoid liability or qualify for relief. Therefore, in carrying out your responsibilities you should do the following:

- Properly supervise subordinates by establishing a system of procedures and controls which minimize opportunities for incorrect or improper payments and insure that the system is followed.
- Know that you have a right to request an advance decision from

the Comptroller General when you have doubts about the legality of payments.

- Be alert to the possibility of voucher-schedules and supporting documents being processed a second time.
- Make use of the evidence that is available, e.g., fund availability certifications, and other documentation which would indicate that procedural safeguards regarding payment have been observed.
- Return payment vouchers that are inadequately documented to the appropriate administrative officials for proper approvals and supporting documents.
- Do not sign blank voucher forms.



According to the law, what can happen to you if you are negligent in performing your job?

Certifying officers are among the employees involved in the payment process who are required to make good any payments that are illegal, inaccurate or improper.

If an outstanding liability remains as a result of a loss for which the

certifying officer is liable, and there is not a request for relief or relief is requested and denied, the certifying officer becomes indebted to the United States for the amount involved. At this point, the agency can initiate collection action against the person in accordance with the law. If the person is still employed by the Government, the means of collection is mandatory withholding of pay.

In addition, the Civil Service Reform Act of 1978 states that "...employees should be separated who cannot or will not improve their performance to meet required standards." In another section, the Act says that employees may be reduced in grade or removed if their job performance is unacceptable.

Conclusion

You have an extremely responsible position. Payments that you certify must be correct, proper and legal. You are personally accountable and have pecuniary liability for payments that you certify.

The increasing complexity of payments and the development and

enhancement of automated payment systems has changed the infrastructure of your job, but it has not relieved you of your responsibility. Therefore, it is important that you stay abreast of changes in the area of "electronic certification".



Questions

Please use the following questions to check your knowledge of the information in this pamphlet. Circle the right answer and check your accuracy on page 12. For every question answered incorrectly please review the section indicated with the answer.

1. What is personal accountability?

- A. Being held individually responsible for verifying that all payments under your jurisdiction are legal, correct and proper.
- B. Being held individually responsible for reimbursing the Government when errors are made by your supervisor.
- C. Being held responsible for reimbursing the Government if an incorrect payment is made due to computer malfunction.
- D. Being held responsible for reimbursing the Government if an incorrect payment is made due to computer malfunction.

2. What is pecuniary liability?

- A. Being individually responsible for reimbursing the Government for any payment that you certified which is found to be illegal, improper, or incorrect.
- B. Being responsible for reporting malfeasance to your supervisor.
- C. Being responsible for individually supervising the work of field officers.

- 3. Who and what must today's certifying officer rely on to determine that transactions are legal, proper and correct?**
- A. Interviews with field officers and personal reviews of every source documents.
 - B. People who service computers and computer manuals.
 - C. Individuals in field offices and the payment systems they help operate.
- 4. Automated payment systems present special problems of certification because:**
- I. The number of transactions is so large
 - II. There are so many locations initiating transactions.
 - III. Transactions are entered from remote terminals.
 - IV. Data are transferred through telecommunications networks and central computer processing.
- A. None of the above are true.
 - B. All of the above are true.
 - C. I and II are true.
 - D. II and IV are true.
- 5. The basic issue in determining your legal liability in an automated payment system is:**
- A. How long you have worked as a certifying officer.
 - B. Your ability to pay.
 - C. Whether it was reasonable for you to rely on the system to continually produce legal and accurate payments.
- 6. According to the law, two conditions under which you are not required to make good on payments you have certified are:**
- I. You based your certification on official records.
 - II. You knew that your work would be double-checked by others.
 - III. You exercised due diligence in performing your duties.
 - IV. You gave blanket approval to the people you supervise to proceed with payments.
- A. I and II are true.
 - B. II and IV are true.
 - C. I and III are true.
 - D. I and IV are true.

- 7. According to the law, a certifying officer is:**
- I. Responsible for any errors in certified payments.
 - II. Responsible for making sure that the facts in certified documents for payment are complete and accurate.
 - III. Responsible for reporting any errors to the local Congressman or Congresswomen.
 - IV. Responsible for any payments made that are prohibited by law and that do not represent legal obligations under the appropriation or funds involved.
- A. All of the above are true.
 - B. None of the above are true.
 - C. I and II are true.
 - D. I and IV are true.
- 8. To carry out your responsibilities and avoid liability there are several things you should do. These include:**
- I. Never sign blank voucher forms.
 - II. Never authorize payments when funds are not available to cover the payments.
 - III. Be alert to the possibility of vouchers or voucher-schedules and supporting documents being processed a second time.
 - IV. Know that you have no right to request an advance decision from the Comptroller General when you have doubt regarding the legality of payments.
- A. All of the above are true.
 - B. None of the above are true.
 - C. Only I and II are true.
 - D. I, II and III are true.

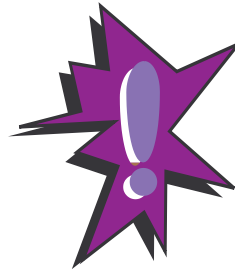
9. **True or False: Certifying officers are the only individuals involved in the payment process who are required to make good on payments that are illegal, inaccurate or improper.**

- A. True
B. False

10. **A well-designed automated payment system has procedures that require:**

- I. *Transcriptions are complete and accurate.*
II. *Physical access to documents and equipment is open to all.*
III. *Additions, deletions or changes to data or computer programs are authorized and controlled.*
IV. *System generated documents are randomly audited to ensure accuracy.*

- A. I and II are true.
B. II and IV are true.
C. III and IV are true.
D. I and III are true.



Answers

1A. Correct.

1B. Wrong. Review the section entitled “What is personal accountability?”

1C. Wrong. Review the section entitled “What is personal accountability?”

2A. Correct.

2B. Wrong. Review the section entitled “What is personal accountability?”

2C. Wrong. Review the section entitled “What is personal accountability?”

3A. Wrong. Review the section entitled “How has personal accountability changed?”

3B. Wrong. Review the section entitled “How has personal accountability changed?”

3C. Correct.

4A. Wrong. Review the section entitled “What is a payment system?”

4B. Correct.

4C. Wrong. Review the section entitled “What is a payment system?”

4D. Wrong. Review the section entitled “What is a payment system?”

5A. Wrong. Review the section entitled “What is a payment system?”

5B. Wrong. Review the section entitled “What is a payment system?”

5C. Correct.

6A. Wrong. Review the section entitled “According to the law what are your responsibilities as a Certifying Officer?”

6B. Wrong. Review the section entitled “According to the law what are your responsibilities as a Certifying Officer?”

6C. Correct.

6D. Wrong. Review the section entitled “According to the law what are your responsibilities as a Certifying Officer?”

7A. Wrong. Review the section entitled “According to the law what are your responsibilities as a Certifying Officer?”

7B. Wrong. Review the section entitled “According to the law what are your responsibilities as a Certifying Officer?”

7C. Wrong. Review the section entitled “According to the law what are your responsibilities as a Certifying Officer?”

7D. Correct.

8A. Wrong. Review the section entitled “What should you do in carrying out your responsibilities to avoid liability?”

8B. Wrong. Review the section entitled “What should you do in carrying out your responsibilities to avoid liability?”

8C. Wrong. Review the section entitled “What should you do in carrying out your responsibilities to avoid liability?”

8D. Correct.

9A. *Wrong.* Review the section entitled "According to the law, what can happen to you if you are negligent in performing your job?"

9B. Correct.

10A. *Wrong.* Review the section entitled "What is a payment system?"

10B. *Wrong.* Review the section entitled "What is a payment system?"

10C. *Wrong.* Review the section entitled "What is a payment system?"

10D. Correct.

***Our representatives
are ready to answer
your questions.***

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