



Treasury Financial Manual

Transmittal Letter No. 687

Volume I

To: Heads of Government Departments, Agencies, and Others Concerned

1. Purpose

This transmittal letter releases new TFM Volume I, Part 4A: Payment-Related Activities Within the Authority Granted to the U.S. Chief Disbursing Officer (CDO). It prescribes procedures for payment-related activities within the CDO's authority and includes the following chapters:

- Chapter 1000—Introduction
- Chapter 2000—Overall Disbursing Rules for All Federal Agencies
- Chapter 3000—Requirements for Scheduling Payments Disbursed by the Financial Management Service (FMS)
- Chapter 4000—Requirements for Non-Treasury Disbursing Officers (NTDOs)

2. Rescission

This transmittal letter also rescinds the following TFM Volume I releases:

Release	Title	Reason for Rescission
Part 3, Chapter 1000	Introduction	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Part 3, Chapter 2000	Payroll Vouchers	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Part 4, Chapter 1000	Introduction	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 1000.
Part 4, Chapter 1100	Delegations and Designations of Authority for Disbursing-Related Functions	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 3000.
Part 4, Chapter 1500	Treasury's Electronic Funds Transfer (EFT) Requirement	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapters 2000 and 3000.
Part 4, Chapter 2000	Payment Issue Disbursing Procedures	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.

Release	Title	Reason for Rescission
Part 4, Chapter 3000	Third-Party Draft Procedures for Imprest Fund Disbursing Activities	U.S. Debit Card is promoted as the payment vehicle to replace third-party drafts. See TFM Volume I, Part 4A, Chapter 3000.
Part 4, Chapter 9000	Foreign Exchange	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 3000.
Part 4, Chapter 10000	Delegation of Disbursing Authority	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 4000.
Part 6, Chapter 2000	Cash Advances Under Federal Grant or Other Programs	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Part 6, Chapter 6000	Payment Procedures Upon Expiration of an Appropriation or a Continuing Resolution	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Bulletin No. 2003-04	Implementation of Executive Order 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Bulletin No. 2005-07	Instructions for Submitting Vendor Payment Requests	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Bulletin No. 2006-07	Guidance on Federal Program Agencies (FPAs) Making Postage Payments to the U.S. Postal Service (USPS)	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000. Electronic funds transfer requirements encompass this subject matter.
Bulletin No. 2007-05	Federal Agency Electronic Data Interchange (EDI) Payments Subject to Offset Through the Treasury Offset Program (TOP)	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 2000.
Bulletin No. 2012-05	Emergency Certification of Payments When the Secure Payment System (SPS) is Unavailable	TFM guidance has been updated and incorporated into TFM Volume I, Part 4A, Chapter 3000.
Bulletin No. 2013-01	Non-Treasury Disbursing Officer (NTDO) Report for Daily Disbursement Forecasting	TFM guidance has been incorporated into TFM Volume I, Part 4A, Chapter 4000.

5. Inquiries

Direct any questions concerning this transmittal letter to:

Chief Disbursing Officer
Financial Management Service
Department of the Treasury
Liberty Center, Room 335
401 14th Street, SW.
Washington, DC 20227
Telephone: 202-874-6800

Payment Management
Financial Management Service
Department of the Treasury
Liberty Center, Room 358
401 14th Street, SW.
Washington, DC 20227
Telephone: 1-855-868-0151

A handwritten signature in black ink, appearing to read 'D. Lebryk', is positioned above the printed name of the Commissioner.

Date: December 6, 2012

David A. Lebryk
Commissioner

Part 4A—Chapter 2000

Overall Disbursing Rules for All Federal Agencies

This Treasury Financial Manual (TFM) chapter provides guidance to Federal agencies on the overall disbursing rules.

Section 2010—Scope and Applicability

The principal objectives of control over disbursements are to ensure that all disbursements are legal, proper, and correct and that all disbursements are accurately recorded, reported, and reconciled in a timely and an efficient manner. Each agency's system of internal management control over, and related procedures for, disbursements should be based on the operating needs of that particular agency and should conform to the Department of the Treasury's (Treasury's) regulations and the related principles and standards for internal management control prescribed by the Federal Accounting Standards Advisory Board (FASAB). Internal management controls can be found in the Yellow Book on the Government Accountability Office (GAO) Web site at <http://www.gao.gov/yellowbook> and the Green Book on the Financial Management Service (FMS) Web site at <http://www.fms.treas.gov/greenbook/index.html>. All agencies, including agencies that do not use Treasury's FMS to disburse their payments, must be vigilant of the risks and inefficiencies that exist to providing accurate and reliable payment data in advance of payments being made. Agencies also need to ensure that they have the ability to control the flow of all payments

during budget year transitions and debt ceiling constraints. In the event of a Government budget year transition or debt ceiling constraint, Treasury will invoke rules for processing payments that flow through the Federal Reserve Bank (FRB) and debit the Treasury General Account (TGA). For specific instructions on electronic payment file submissions to the FRB in the event of a fiscal crisis, Non-Treasury Disbursing Offices (NTDOs) should refer to TFM Volume I, Part 4A, Chapter 4000, subsection 4020.10, Rules Under Government Fiscal Crisis, for guidance.

Treasury tracks new banking and other regulatory requirements impacting payments and incorporates these requirements into its rules, procedures, and systems. Some of these requirements include National Automated Clearing House Association (NACHA) Rules, the Federal Reserve Operating Circulars and Regulations, financial sanctions and controls imposed by Treasury's Office of Foreign Assets Control (OFAC), and the Improper Payments Elimination and Recovery Act of 2010. Agencies disbursing payments through Treasury must comply with these requirements. Compliance procedures are built into Treasury's disbursement process and do not require the special interfaces and processes that agencies not disbursing through Treasury must build and maintain.

Section 2015—Authority

31 U.S.C. 331, 3321, 3322, 3325, 3328, 3329, 3331, 3511, 3512, 3513, 3301-3304, 3332, 3343, 3511, 3521, 3528, 3529, 3541, and 5112

Section 2020—Anti-Deficiency Act

Agencies that incur obligations after an appropriation or continuing resolution expires violate the Anti-Deficiency Act. Certifying officers (COs) should approve the payment of obligations incurred by agencies only when Congress has enacted legislation extending obligation authority. The prohibitions contained in this chapter are applicable to all U.S. COs. Each administrative department or agency is responsible for properly instructing its disbursing officers about these prohibitions.

Section 2025—Compliance With Executive Order 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism

Executive Order 13224 prohibits transactions with persons who commit, threaten to commit, or support terrorism.

OFAC maintains the Specially Designated Nationals (SDN) and Blocked Persons list, which provides a list of individuals and entities covered by Executive Order 13224. The SDN and Blocked Persons list also includes the additional restrictions found in the Foreign Assets Control regulations at 31 CFR Chapter V.

Agencies must not make or certify payments, or draw checks or warrants, payable to an individual or organization listed on the SDN and Blocked Persons list. Agencies should consult the SDN and Blocked Persons list at <http://www.ustreas.gov/offices/enforcement/ofac/sdn/index.html> before making payments.

Direct questions concerning Executive Order 13224 or the SDN and Blocked Persons list to OFAC. See the contact information at <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx> or call 202-622-2490.

Section 2030—Debt Collection Improvement Act of 1996 (DCIA)

DCIA, codified in pertinent part at 31 U.S.C. § 3716, requires Federal disbursing officials to withhold all or part of Federal payments made to persons or entities that owe delinquent nontax debts in order to satisfy debts. This process is known as “offset.” FMS has issued regulations governing offset of Federal payments to collect delinquent nontax debt at 31 CFR 285.5. Authority for collecting delinquent tax debts through the continuous levy of certain Federal payments can be found at 26 U.S.C. § 6331(h). For additional information on agency responsibilities under DCIA and the Treasury Offset Program (TOP), see TFM Volume I, Part 4, Chapter 4000, on the Web site at <http://www.fms.treas.gov/tfm/vol1/v1p4c400.html>.

Section 2035—Electronic Funds Transfer (EFT) Disbursements – General Guidelines

All Federal nontax payments must be made by EFT, in accordance with 31 CFR Part 208, unless a waiver applies. Individuals receiving a type of benefit payment that is not eligible for deposit on a Direct Express® Debit MasterCard® card are waived from the EFT requirement. Most types of benefit payments are eligible for deposit on a Direct Express® Debit MasterCard® card; therefore, most new benefit recipients must receive payment by Direct Deposit or on the Direct Express® Debit MasterCard® card beginning on March 1, 2013.

Agencies must make all vendor payments by EFT. There are no waivers available for vendor recipients as a class of payments.

2035.05—EFT Disbursements – Benefit Payments

2035.05a—Agency Process – New Benefit Recipients

Agencies processing new benefit requests must inform recipients of the requirement to receive their benefit payment by either Direct Deposit or via the Direct Express® Debit MasterCard® card. Agencies should refer the recipients to the EFT requirements prescribed in 31 CFR Part 208. For more information, see the FMS Web site at <http://www.fms.treas.gov/eft/regulations.html>.

Agencies must ensure their forms, online enrollment processes, and any appropriate procedures associated with the application of benefits reflect the EFT requirement for payments. Agencies must remove any references to checks in their processes, forms, and procedures related to receipt of benefit payments. They must ensure that all agency personnel processing benefit requests are adequately trained on the EFT requirements for benefit payments.

Agencies must work with Treasury and its financial agent to develop

processes to offer the Direct Express® Debit MasterCard® card to new and existing benefit recipients who are unable to receive payments by Direct Deposit. Agencies must ensure that any offices receiving and processing benefit requests have the appropriate systems, procedures, and accesses in place to enroll recipients for either Direct Deposit or the Direct Express® Debit MasterCard® card.

Agencies that are not configured to enroll new beneficiaries for the Direct Express® Debit MasterCard® card via batch or Web enrollment must direct the recipient to contact Treasury’s call center to switch from check to the Direct Express® Debit MasterCard® card within 3 months of the benefit award. Recipients who fail to do so will be contacted by Treasury within 3 to 6 months from the benefit award to enroll for Direct Express® or to apply for a waiver from the EFT requirement as outlined in subsection 2035.

2035.10—Exceptions for New Benefit Recipients

Payment by check may be granted to a new benefit recipient only in the following circumstances, in accordance with 31 CFR Part 208.

2035.10a—Automatic Waivers That Require No Further Action by the Recipient

Automatic waivers apply in the following circumstances:

- Individuals who were 90 years old or older before May 1, 2011, and who are receiving payment by check on March 1, 2013.
- Federal agencies that have not yet implemented the Direct Express® Debit MasterCard® card for their benefit payments. In such cases, if a beneficiary is unable to receive payment by direct deposit, payments need not be made by EFT unless and until the agency implements the Direct Express® Debit MasterCard® card.

- An individual whose Direct Express® Debit MasterCard® card was suspended or closed.

2035.10b—Hardship Waivers That Require the Individual To Contact Treasury for Review/Approval

A hardship waiver may apply when payment by EFT would impose a hardship on the beneficiary because of the individual's inability to manage an account at a financial institution or a Direct Express® Debit MasterCard® card account:

- Because of a mental impairment;
- OR
- Because the individual lives in a remote geographic location lacking the infrastructure to support electronic financial transactions.

Agencies may permit check payments temporarily to individuals who specifically request payment by check because of a mental impairment or geographic hardship. Under these circumstances, the agency must inform recipients that they are permitted to receive payment by check for an interim period but that they must contact Treasury about continuing to receive payment by check in the future.

Other than notifying FMS of an individual's request for a waiver, the agency is not responsible for managing the waiver process for new beneficiaries. FMS and its fiscal agent manage the waiver process.

If a new benefit recipient specifically requests payment by check because of a mental impairment or geographic hardship, the agency may direct these individuals to contact Treasury to discuss how they will receive future benefit payments. Agencies can satisfy this requirement by including language in their benefit award letters to these recipients stating that payment by EFT is required and directing beneficiaries with hardships to contact Treasury about receiving their benefits by check. Agencies may use alternative means of

communicating this information to recipients, provided the appropriate language and Treasury's telephone number are shared with the recipient. Treasury meets with each benefit agency to ensure that appropriate procedures are in place to inform new benefit check recipients of their responsibility to contact Treasury about how they will receive future benefit payments.

2035.15—Temporary Delay in EFT Enrollment

If an individual requests additional time to make an EFT decision (payment by Direct Deposit or on the Direct Express® Debit MasterCard® card), or does not have the banking information available at the time of the benefit application to enroll for Direct Deposit, the agency may permit payment temporarily by check. The agency must inform any individual who subsequently responds and requests payment by check on a permanent basis of the EFT requirement and the need to contact Treasury about continuing to receive future payments by check. Individuals who request additional time on the EFT decision and who fail to contact the agency within 3 months are contacted by Treasury and may be automatically enrolled in the Direct Express® Debit MasterCard® card program.

2035.20—Recipient Compliance

Benefit agencies should be aware that individual check recipients who fail to call Treasury as required under this section are contacted by Treasury within 3 to 6 months of their initial benefit payment and may be automatically enrolled in the Direct Express® Debit MasterCard® card program to receive their benefit payments. Agencies must ensure that any offices processing benefit payments have the appropriate systems, procedures, and accesses in place to change the recipient's payment election from check to the Direct Express® Debit MasterCard® card, upon request.

2035.25—Agency Process – Existing Benefit Recipients

Check recipients and/or individuals who applied for benefits before May 1, 2011, are required to receive payments electronically beginning on March 1, 2013.

Agencies are not responsible for managing the waiver process for existing benefit recipients. FMS manages this waiver process and contacts existing check recipients about their requirement to receive payments electronically on or after March 1, 2013.

Agencies must work with Treasury and its financial agent to develop processes to enroll current check recipients who do not wish to have their benefit payments made by Direct Deposit for the Direct Express® Debit MasterCard® card. Agencies must ensure that any offices processing benefit payments have the appropriate systems, procedures, and accesses in place to change, upon request, the recipient's payment election from check to either Direct Deposit or the Direct Express® Debit MasterCard® card.

2035.30—Changes From EFT to Check

In certain circumstances, agencies may need to temporarily switch a recipient's payment election from EFT to check if the recipient's account is closed for various reasons, such as, the recipient's decision to close the account or because the account was closed because of fraud or misuse. Under these circumstances, the agency must inform the recipient of Treasury's EFT requirement and that the recipient must make arrangements to receive payments electronically. Individuals who, under these circumstances, refuse to receive payment by Direct Deposit or on the Direct Express® Debit MasterCard® card are permitted to receive check payments on an interim basis. However, the agency must inform these recipients of their responsibility to contact Treasury about continuing to receive future

payments by check, as outlined in subsection 2035.15.

Payment by check also is permitted for one or two payment cycles in circumstances where payment by EFT cannot be made immediately after enrollment because of operational constraints. For example, agencies that cannot enroll new beneficiaries for the Direct Express® Debit MasterCard® card via a batch or Web enrollment process at the time of application must require the recipient to contact Treasury's call center to enroll, during which time the agency may need to disburse an interim check.

2035.35—EFT Disbursements – Other Than Benefit Payments

2035.35a —Vendor Payments

The Treasury EFT rule at 31 CFR Part 208, the Prompt Payment rule at 5 CFR Part 1315, and the Federal Acquisition Regulation (FAR) EFT rule at 48 CFR Parts 13, 15, 32, and 52, provide regulatory foundations on which Federal agencies can rely to implement the EFT requirement of DCIA for payments to Government vendors. The Treasury EFT rule at 31 CFR Part 208 requires that Federal payments be made electronically and does not provide waivers for vendor payments as a class of payments. Agencies may invoke waivers for a payment to a vendor under certain limited circumstances set forth below but must consult with Treasury before doing so to determine if alternative payment methods are available.

The FAR EFT rule at 48 CFR Parts 13, 15, 32, and 52, addresses the use of EFT for Federal contract payments and also provides for the collection of banking information from vendors. In particular, the FAR EFT rule provides EFT contract clauses that require Government vendors to receive payments electronically as a condition of awarding a contract. Agencies must use these EFT contract clauses in their contracts with Government vendors. The EFT contract clauses require vendors to

submit their EFT information to the agency. The agency may require this information as a condition of making the first payment.

The Prompt Payment rule at 5 CFR Part 1315 requires vendors to submit EFT information as part of a proper invoice, unless agency procedures provide otherwise. Agency procedures may require, for example, that EFT information be collected. Late interest penalties do not apply to any late payment resulting from the vendor's failure to submit proper EFT information in a timely manner.

2035.40—Miscellaneous and Salary Payments

Agencies must make all miscellaneous and salary payments by EFT unless an individual waiver under subsections 2035.10a and 2035.10b or an agency-invoked waiver under subsection 2035.45 apply.

Agencies that begin to receive individual waiver requests for miscellaneous or salary payments must contact Treasury's EFT Strategy Division at 202-874-6619 to discuss how to direct these waiver requests to Treasury's waiver call center. Agencies that experience impediments to making miscellaneous or salary payments by EFT must contact Treasury to determine if alternative means are available to make payments electronically.

2035.45—Agency Waivers

Agencies are not required to make payment by EFT when the following unique circumstances occur:

- The political, financial, or communications infrastructure in a foreign country does not support payment by EFT.
- The payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area (this waiver is limited to payments made within 120 days after the disaster is declared).

- A military operation is designated by the Secretary of Defense in which uniformed services undertake military actions against an enemy, or a call or order to, or retention on, active duty of members of the uniformed services is made during a war or national emergency declared by the President or Congress.
- A threat may be posed to national security, the life or physical safety of any individual may be endangered, or a law enforcement action may be compromised.
- The agency does not expect to make more than one payment to the same recipient within a 1-year period; that is, the payment is non-recurring, and the cost of making the payment via EFT exceeds the cost of making the payment by check.
- An agency's need for goods and services is of such an unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than EFT.

OR

- There is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than EFT.

AND

- The agency does not expect to make payments to the same recipient within a 1-year period on a regular, recurring basis, and remittance data explaining the purpose of the payment is not readily available from the recipient's financial institution receiving the payment by EFT.

Agencies should only invoke these waivers when:

- A recipient requests a waiver;

AND

- The recipient is in the group defined for this waiver.

This is on a limited basis and the agency must discuss any proposed waiver with Treasury to determine if alternative means are available to make payments electronically. Agencies that experience impediments to making payments by EFT should contact Treasury at 202-874-6619 for assistance.

2035.50—Agency Compliance

Treasury monitors the percentage of agency payments made electronically on a monthly basis to ensure that agencies are implementing the provisions of 31 CFR Part 208 and this chapter. Treasury meets with agencies exhibiting low EFT rates to identify the impediments to EFT payments and to determine strategies to address these impediments. Agencies should document any impediments they experience making their payments by EFT to assist Treasury with this analysis.

Section 2040—Responsibility for Payments

The officer or employee who certifies a voucher is responsible for ensuring the payment is proper. Except as provided in this chapter, disbursing officers are not responsible for the propriety of payments authorized by COs. However, a disbursing officer who has knowledge that a payment is improper should not make the payment.

The procedures prescribed in Section 2045 relate to issuing payments (check and electronic) to individuals, commercial entities, nonprofit entities, and non-Federal Government departments and agencies; and deductions made from disbursement vouchers.

Section 2045—Basic Disbursement Requirements

2045.05—General Requirements

The following requirements apply to all disbursements, whether in cash or by

checks or electronic payments, issued on the U.S. Treasury or designated depository banks for authorized and lawful payments and/or refunds of amounts collected:

- Agencies must support disbursements with sufficient information on the disbursement vouchers, or on documents attached to them, to enable the audit of the transactions of certifying and disbursing officers, as required by law.
- Agencies should mark vouchers or voucher-schedules and supporting documents systematically, or manually when applicable, to prevent duplicate payments and to avoid mutilation, overwrite, inadvertent deletion, or destruction.
- If an original invoice has been lost or destroyed, the agency should obtain a duplicate from the original submitter of the invoice to support the voucher or voucher-schedule. Then, the agency may process the voucher or voucher-schedule through regular disbursement channels provided it places on or attaches to the duplicate invoice a full explanation as to the circumstances of the loss or destruction of the original invoice and a statement indicating that steps have been taken to prevent duplicate payment.

Note: Agencies should be particularly alert to the possibility of duplicating payments whenever they:

- Have delayed payments for extended periods of time after the due date.
- Have received duplicate copies of invoices from vendors as follow-up claims. (Vendors may have submitted invoices or bills to more than one agency location for payment.)
- Have received adjusted invoices after they have made payments.

2045.10—Cash Advances – Establishing Procedures for Cash Advances

It is the responsibility of grantor agencies to monitor the cash management practices of their recipient organizations to ensure that Federal cash is not maintained by them in excess of immediate disbursing needs. Agencies must establish systems and procedures to assure that balances are maintained commensurate with immediate disbursing needs, excess balances are promptly returned to the Treasury; and advance funding arrangements with recipient organizations unwilling or unable to comply are terminated.

Procedures established by agencies should:

- Specify that all contractual arrangements with recipient organizations provide that advance payments will be made only at times and in amounts necessary to meet immediate disbursing needs. This figure is calculated by the agency and should be reviewed quarterly. Agencies should conduct independent annual reviews of the balances to ensure only amounts necessary to meet immediate disbursing needs are maintained. The results of the review should be shared with Treasury.
- Monitor recipient organizations, and base evaluations on cash payments and not on accrued liabilities.
- Require, except where specifically prohibited by law, all interest earned by recipient organizations on advances from Federal funds be remitted to the agency. The agency will promptly return the funds to the Treasury.
- Immediately upon determination that an expenditure of advance funds is disallowable in accordance with the contractual

arrangement, the agency should notify the recipient and require the return of such funds. Under no circumstances should funds be returned more than 30 days from the date of the notification by the agency.

2045.15—Preventing Payments Not Covered by an Appropriation or Continuing Resolution

Excluding payrolls in certain circumstances (see subsection 2045.20), the responsibility for preventing payments not covered by an appropriation or a continuing resolution rests with the agency certifying the payment. It is the responsibility of the agency's CO to ensure that payments certified to disbursing officers are not improper. It is not the disbursing officer's responsibility to investigate the date of the underlying obligation of certified scheduled payments.

2045.20—Payrolls – General

Responsibilities for the head of each agency include the following:

- Establishing and maintaining an adequate payroll system;

OR

- Using a payroll service provider with a system for covering pay, leave, and allowances, as a part of the system of accounting and internal control required by the Accounting and Auditing Act of 1950 (31 U.S.C. 3513). This system must conform to the principles, standards, and related requirements prescribed by the Comptroller General.

The Office of Personnel Management (OPM), the Office of Management and Budget (OMB), and the Department of Labor (DOL) issue regulations related to payroll voucher preparation.

2045.25—Payroll Creation

A disbursing officer who knows an obligation was incurred when funds were not available may not disburse a certified payment voucher. This circumstance can arise particularly in the case of payrolls when it is obvious that the time of obligation occurred after the appropriation or continuing resolution lapsed. Therefore, when annual appropriations have not been enacted and there is no continuing resolution under which obligations can be legally liquidated, disbursing officers should not knowingly release payrolls that extend beyond the period provided for in the appropriation or continuing resolution. The inclusive dates of a pay period serve as *prima facie* notice to disbursing officers of the date on which the obligation was incurred. Disbursing officers should not knowingly release payrolls for any pay period extending beyond or commencing after the expiration date of an appropriation or a continuing resolution, unless the chargeable appropriation is a no-year or unexpired multiple-year appropriation.

2045.25a—Payrolls Processed for the Entire Pay Period

Sometimes the expiration date of an appropriation or a continuing resolution does not coincide with the end of a pay period. Disbursing officers may not release payrolls that include salaries and wages earned beyond the expiration date of the appropriation or continuing resolution.

2045.25b—Payrolls Processed for a Portion of a Pay Period Through the Expiration Date

Disbursing officers should make the usual advance release of payroll payments only to cover salaries and wages earned through the expiration date of an appropriation or a continuing resolution.

2045.25c—Payrolls for Pay Periods After the Expiration Date

For any partially covered pay period and all subsequent pay periods, agencies should process payrolls for salaries and wages earned beyond the expiration date of an appropriation or a continuing resolution as usual. Disbursing officers may prepare payments for such payrolls and may hold them for immediate release upon approval of an appropriation or continuing resolution.

2045.30—Claims for Deceased Employees

In 1996, the procedures and forms to be used to process claims for deceased Federal employees were transferred from GAO to OPM. In the "Determination with Respect to Transfer of Functions Pursuant to Public Law 104-53," dated June 28, 1996, the Acting Director of OMB delegated this and other transferred functions to other agencies. See 31 U.S.C. 3702 and 5 U.S.C. 5583 for claims involving Federal civilian employees' compensation and leave, and settlement of deceased employees' accounts.

2045.35—Payee Information

Agencies should uniformly follow the rules below in connection with the designation of the payee or payees of Government payments.

2045.35a—Payments to Individuals

In all cases, use the first name, middle initials, if any, and surname of the payee. Omit punctuation marks except for the use of commas to set off the names of more than two payees.

2045.35b—Payments to Joint Accounts

Agencies should carefully distinguish between using the term "joint" and "several" accounts in situations such as trust estates,

decedents' estates, trustees, executors, and administrators of the accounts.

Where two or more individuals are jointly entitled to receive the payment, the voucher should include all names as payees. Use the word "and" before the name of the last payee. Where the account is not a joint account but is held by greater than two individuals, use "or" before the name of the last payee.

Note: Do not under any circumstances designate the word "estate" as the payee, for example, "Estate of A., deceased." When the particular estate has only one trustee or one personal representative, designate the individual by name as the payee in that representative capacity, for example:

- "T., trustee u/w of A., deceased" (in the case of a testamentary trust);
- "T., trustee u/d from A. dated (date of trust indenture)" in the case of the transfer of the ownership of property between living persons (such as, *inter vivos* trust);

AND

- "E., executor of the Estate of A. deceased" or "A., administrator of the Estate of B., deceased" (in the case of a decedent's estate).

If the estate has several trustees or personal representatives, designate all trustees, administrators, or executors by name in their representative capacities as joint payees, for example, "A., B., and the X Trust Company, trustees u/w of D., deceased," etc.

2045.40—Corporate Trustee or Executor Is in Receivership or in the Hands of the Local Banking Department

The agency should make the payment payable to the liquidating officer (Receiver, Secretary of Banking, Commissioner of Banking, etc.) as payee. The names of the corporate trustee or executor and the estate also should appear in such designation, for example, "Secretary of Banking, in

possession of the business and property of the X Trust Company, trustee u/w of D." (This form varies according to the designation given the proper liquidating officer under the local law.)

The agency CO must be furnished a certified copy of the grant-of-letters testamentary, the will, or trust indenture stating that the intended payee is duly appointed, qualified, and acting trustee or executor. In instances where the administration of the estate is closed and the trustee or personal representative has been discharged, designate the legatees, distributees, or beneficiaries entitled to receive the payment in question as joint payees. The CO must be furnished first with a certified copy of the decree of distribution or other proper evidence from the court having jurisdiction of the particular estate showing the persons entitled to receive payment.

2045.45—Guardians of Minors

Because of differences in local law, there is no all-inclusive rule to determine the guardian to whom payment should be made. Some States require the guardian of the estate of a minor to be someone other than the guardian of his/her person, while others combine both functions in the same individual. The local law must be examined in each case. The CO must be furnished with a certified copy of the appointment that the particular individual is authorized to receive the payment on behalf of the individual's ward.

The designation of the payee may be in many forms, depending on the circumstances of the particular case. The following are three suggestions:

- "G., guardian of M., a minor";
- "G., guardian of the estate of M., a minor";
- "G., guardian of the person and estate of M., a minor."

These suggestions are not all-inclusive. In every case, designate the guardian according to title under the local law. Ordinarily, parents or persons standing in place of parents (*loco*

parentis) are not entitled to receive payments on behalf of their minor children. This question also is one of local law. Where the appointment of a guardian is not required and payment may properly be made to the parent, designate the payee in the following form: "F., father of M., a minor."

2045.50—Incompetents

As in the case of guardians of minors, the designation in this class of cases is governed by the local law according to the title given the representative, for example:

- "C., conservator of the estate of X., incompetent";
- "A. and B., committee for X., incompetent";
- "G., guardian of X., incompetent," etc.

As proof of authority to receive payment, the CO should require a certified copy of the appointment.

2045.55—Corporations

When there has been a change in the corporate name as a result of a merger, consolidation, or other proceeding, and a certificate verifying such a change has been obtained from the proper State official, the agency should draw the voucher for payment in the new name.

The agency should draw the voucher to the order of the successor company where it is established that:

- The original claimant has been dissolved;
- Its assets have been distributed to the new company;

AND

- The liquidating trustees have been discharged.

Where a company has been dissolved and its affairs are being liquidated by liquidating trustees, the designation depends on the local law. In most jurisdictions, the corporation continues for the purposes of liquidation, and it may be proper to designate the

corporation rather than the liquidating trustees as the payee. No hard and fast rule can be established to cover all such cases. Agencies should refer any uncertainties or doubts concerning the payee to be designated to the proper legal officer of the department or establishment for consideration.

2045.60—Unincorporated Associations

Agencies should make the vouchers payable to the order of the associations, using their official names. They should draw partnership vouchers in the firm's name. Agencies should refer any doubts as to form to the proper legal officer of the department or establishment for special consideration.

Section 2050—Electronic Invoicing, Invoice Processing Platform (IPP)

Agencies should consider using electronic systems and processes to streamline and improve efficiencies in Government invoicing. IPP is a secure Web-based electronic invoicing and payment information system provided by FMS. IPP allows Federal agencies to transform their existing paper-based order-to-pay processes into a streamlined electronic flow.

IPP provides a centralized location to view all transactions in the purchase-to-pay process. It transforms paper-based processes into an electronic process for both Federal agencies and their suppliers. IPP's modular design allows agencies to implement functionality in phases, according to their business needs. Federal agencies use IPP to send electronic purchase orders to vendors, to receive electronic invoices from vendors, and for invoice routing and approval workflow. IPP uploads payment remittance information from Treasury and non-Treasury disbursed agencies, allowing agencies and their suppliers to view and download payment information.

For additional information on IPP, see the Web site at <https://www.ipp.gov>.

Section 2055—Contract References

Reference contracts or agreements on the voucher by placing the contract number and the date in the spaces provided. If the agreement is unnumbered and attached to the voucher, indicate this. However, where payments are made on vouchers in favor of general supply contractors whose contracts are itemized in the Federal Supply Schedule and the item numbers covering the articles purchased are given on the face of the voucher, the contract number and date need not be shown.

The voucher prepared by the agency to support payments of this nature should show:

- The contract number also referred to as the Procurement Instrument Identifier (PIID). The PIID is a unique identifier for each contract number, agreement number, purchase number, or delivery order associated with the payment. For additional information, see the Federal Procurement Data System at <https://www.fpds.gov>.
- The period covered by the payment.
- The name of the vendor, also referred to as the "party." This must contain the full name of a payee or party, whether an individual or organization.

Note: The FAR on the Web site at <https://www.acquisition.gov/far> and the Defense Federal Acquisition Regulations (DFAR) on the Web site at <http://www.acq.osd.mil/dpapr/dars/dfars/pdf/r20091123/252225.pdf> require all contractors to be registered in the Central Contractor Registration (CCR) database before award (see the Web site at

<https://www.sam.gov/portal/public/SAM>).

- The amount of the payment and the account to be charged.
- The Procurement Agency Identifier. This is a code for a governmental agency, but it does not necessarily represent the agency that issued the contract. Instead, it serves only as part of the unique identification for the Federal Procurement Data System awards records.
- Indefinite Delivery Vehicle (IDV) Procurement Instrument Identifier. This is a code for an agency, but it does not necessarily represent the agency that issued the contract. Instead, it serves as part of the unique identification for the Federal Procurement Data System, IDV records. For awards records, it partially identifies a linked IDV record.
- IDV agency identifier. When reporting orders under IDV such as a Governmentwide Acquisition Contract, Indefinite Delivery Contract, Federal Supply Schedule, Basic Order Agreement, or Blanket Purchase Agreement (BPA), report the PIID (contract number or agreement number) of the IDV. For the initial load of a BPA under a Federal Supply Schedule, this is the Federal Supply Schedule contract number.

For additional information on activity codes, see the North American Industry Classification System at <http://www.census.gov/epcd/www/naics.html> and the Product and Service Codes Manual at <http://www.acquisition.gov/PSC%20Manual%20-%20Final%20-%202011%20August%202011.pdf>.

Note: Agencies may make payments for services of a continuing nature, such as rents, janitorial services, etc., that are performed under agency-vendor agreements providing for payments of definite amounts at fixed periodic intervals without submission of invoices

or bills by the vendor. They should establish administrative controls for ensuring that recurrent payments are:

- On unexpired contracts or agreements;
- For correct amounts;
- For services actually performed;

AND

- Not duplications of previously issued payments for the same goods and services.

Agencies should increase the number of payment items per voucher-schedule, particularly in those cases where schedules cover only one, two, or three items. They should consolidate multiple invoices or bills payable to one vendor at one office or place of business, for supplies or services rendered to Government agencies, into one payment, when possible, to reduce the number of vouchers prepared and payments issued when the due dates for the multiple bills or invoices are the same. In each case, payment in this manner must be agreeable to the vendor, and only one Government establishment may be the debtor.

Note: Agencies are encouraged to use IPP to send electronic purchase orders to suppliers, to receive electronic invoices from suppliers, and to coordinate invoice routing and approval workflow.

2055.10—Reserved for additional payment data indicators.

2055.20—Unit Prices of Gasoline or Other Petroleum Products

Where the purchases of gasoline or other petroleum products are made under contracts that provide that the unit prices must be based on tank, wagon, barge, or service station prices on the date and at the point of delivery, show such unit prices at the date and point of delivery on the invoices or vouchers as audit information.

Section 2060—Prompt Payments To Earn Discounts

When a cash discount has been offered for prompt payment, agencies should make every effort to process the invoice within the discount period, if the discount is cost effective to the Government (see TFM Volume I, Part 6, Chapter 8000: Cash Management, on the FMS Web site at <http://www.fms.treas.gov/tfm/vol1/v1p6c800.txt>). Process the invoice according to the specific terms on which the discount has been offered by the contractor or supplier. Agencies should take discounts only on those invoices that can be paid within the specified discount period and that are cost effective to the Government. For effective cash management, agencies should submit the voucher covering the payment as near to the last day of the prompt payment period as possible. Prompt Payment Act conditions are met if a check payment is dated and mailed/deposited within the period, not received by the recipient during the period. They are met for ACH and Fedwire payments if the settlement date for the payment is within the prompt pay period.

Section 2065—Assignment of Basic Voucher Numbers

The administrative processing agency assigns each voucher an identification number. This identification number can be system generated or manually entered and is used for all accounting and auditing purposes. The agency must place the number in the space identified as “Voucher No.” on standard form vouchers. This rule applies regardless of which operating or administrative unit or division of the agency has oversight of the payment. Agencies are not required to place separate disbursing office voucher numbers, as such, on vouchers except in the case of vouchers covering charges for transportation services. If, for

administrative purposes, it is necessary to assign control or accounting numbers to payment documents, these numbers are considered supplementary and subordinate to the official identification number as prescribed above. If the amounts of two or more basic vouchers or invoices due one payee may be properly combined in one payment, clearly indicate the individual basic voucher numbers in the voucher number column on the voucher-schedule, but add and list the items as a single payment.

Section 2070—Preaudit of Vouchers

Effective control over disbursements requires the preaudit and approval of vouchers before they are certified for payment. The principal objectives of the preaudit of a voucher are to determine whether:

- The required administrative authorizations for the procurement and approvals for the payment were obtained.
- Funds are available at the time the obligation is incurred. If an obligation is incurred when funds are not available, then the payment may not be certified and a payment voucher may not be disbursed.
- The payment is permitted by law and is in accordance with the terms of the applicable agreement.
- The amount of the payment and the name of the payee are correct.
- A proper Taxpayer Identification Number, Employer Identification Number, Individual Taxpayer Identification Number, or Payee ID Number, is provided for each payee.
- The payment is not a duplication.
- The goods received or the services performed were in accordance with the agreement.

- The quantities, prices, and amounts are accurate.
- All cost-effective discounts have been taken.
- All applicable deductions were made and credited to the proper account in the correct amount.
- The appropriation or fund from which the payment will be made is available for that purpose and indicated with the appropriate Treasury Account Symbol/Business Event Type Code (TAS/BETC).
- Proper forms of documentation were used.
- Special certificates, if required, were furnished.
- Specific vendor reporting entries, if required, were furnished.
- For summary schedules, the payments are submitted in conformance with the Payment Automation Manager standard format.

Note: The maximum amount for which an agency can issue an individual payment depends on the type of payment instrument. Maximum individual payment amounts for each payment instrument (checks, ACH electronic payments, and Fedwire Same Day Payments) are as follows:

- **Checks**—May be issued for maximum individual payments of up to \$99,999,999.99. Agencies are discouraged from authorizing individual check payments that are less than \$5, and agencies are prohibited from using checks to issue benefit payments. Automated check printing systems used by FMS Regional Financial Centers (RFCs) can print amounts only up to \$9,999,999.99. The RFC must manually process checks for amounts between \$10,000,000.00 and \$99,999,999.99. Agencies should attempt to use electronic payment mechanisms for all large-dollar amounts.

- **ACH electronic payments**—May be issued for maximum individual payments of up to \$99,999,999.99.
- **Fedwire Same Day Payments**—May be issued for maximum individual payments of \$9,999,999,999.99. Additionally, agencies should not use Fedwire for payments under \$100,000.00.

Section 2075—Federal Offset Program

2075.05a—Debt Collection Improvement Act 1996 (DCIA)

The DCIA requires the Federal Government to withhold or reduce certain Federal payments to satisfy the delinquent nontax debts owed to the United States by the payee. This process is known as “administrative offset.” In addition, the DCIA requires Federal agencies to identify Federal employees who owe delinquent debt to the United States, using a process known as “centralized salary offset.” The Treasury Offset Program (TOP) compares delinquent debt information with Federal salary payment information for offsetting the salary payments of those employees who owe debt to the United States.

2075.05b—Taxpayer Relief Act of 1997

This Act authorizes the Internal Revenue Service to continuously levy up to 15 percent of certain Federal payments, including Federal salary payments, to collect delinquent taxes. TOP also is used to match delinquent tax debts with Federal salary and other payments for levying the salary payments of those employees who owe delinquent taxes to the United States.

Payroll processing agencies send extract files to FMS containing payment information for all employees. FMS compares the extract file to the National Interactive Delinquent Debt Data Base, identifies matches, and transmits an electronic file containing the identified

matches and the debt balances back to the payroll processing agencies. The payroll processing agency offsets or levies up to 15 percent of disposable pay and sends the funds to FMS. FMS then sends the funds to the creditor agencies.

Section 2080—Payments to Prepaid Cards

Treasury’s prepaid card interim final rule at 31 CFR Part 210 permits Federal Government payments to prepaid cards if certain conditions are met that provide for consumer protections to the cardholders. To be eligible to receive Federal payments, a prepaid card provider must provide:

- The cardholder with pass-through deposit or share insurance;
- A card account that does not have an attached line of credit or loan feature that triggers automatic repayment from the card account;

AND

- The cardholder with all of the consumer protections that apply to a payroll card under the Regulation E (12 CFR Part 205).

No person or entity may issue a prepaid card that accepts Federal payments in violation of these requirements. Any financial institution that holds an account for a prepaid card issuer, to which Federal payments are received, is responsible for ensuring these requirements are met. Agencies should be aware of these requirements and should promptly notify FMS if they become aware of any payments being made to a prepaid card that does not comply with these requirements. If FMS becomes aware that Federal payments are being deposited to prepaid cards that do not meet these requirements, it reviews the situation and takes appropriate action. FMS may, for example, refer any violations of the EFT rule’s requirements to the appropriate regulatory bodies.

Section 2085—Central Accounting Reporting System (CARS) TAS/BETC

Effective October 1, 2014, agencies must submit the CARS TAS/BETC reporting classification at the initiation of

a payment. All Federal agencies must classify transactions to the proper component-based CARS TAS/BETC when transactions are actually initiated. Refer to the FMS Web site at <http://www.fms.treas.gov/cars> for the new component-based CARS

TAS/BETC format and requirements. Agencies should use the CARS TAS/BETC in advance of October 1, 2014, and should contact either the Chief Disbursing Officer's office or an FMS RFC for information and assistance.

CONTACTS

Direct inquiries concerning this chapter to:

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