

4 FAH-3 H-420

VOUCHER EXAMINATION

(TL:FMP-17; 05-05-2003)

4 FAH-3 H-421 PURPOSE

(TL:FMP-3; 5-30-95)

The procedures for the examination of vouchers refer to receiving, sorting, approving and examining vouchers for payment. The procedures in these sections must be followed and any deviation must be justified.

4 FAH-3 H-422 INVOICES

4 FAH-3 H-422.1 Prompt Payment Act

4 FAH-3 H-422.1-1 Definitions

(TL:FMP-3; 5-30-95)

The definitions that follow are prescribed by OMB Circular A-125 for the implementation of the Prompt Payment Act:

a. **Date of receipt of invoice** is the later of:

(1) The date a proper invoice is received by the designated billing office; or

(2) The seventh day after delivery, unless the Department has accepted the property before the seventh day or a longer acceptance period is specified in the contract;

b. **Discount date** is the date by which, if payment is made, a specified discount can be taken;

c. **Due date** is the date by which payment is to be made. The due date should be no later than 30 days from the date the invoice is received. If a specific payment date is provided for in the contract, then such date is to be used as the due date. Payment should be made no earlier than 7 days (date a schedule is extracted for payment) prior to the due date;

d. **Payment date** is the date on the check for payment or the date of an electronic fund transfer (EFT) payment (settlement date); and

e. **Proper invoice** is an invoice, voucher, or other billing document that includes the:

- (1) Name of the business concern and the invoice date;
- (2) Purchase order or contract number, or other authorization for delivery of property or services;
- (3) Description, price, and quantity of property and services actually delivered or ordered;
- (4) Shipping and payment terms and shipment address;
- (5) Name where practicable, title, phone number, and complete mailing address of responsible official to whom payment is to be sent; and
- (6) Translation of key words if the invoice is in a foreign language.

4 FAH-3 H-422.1-2 Requirements

(TL:FMP-3; 5-30-95)

The following requirements apply to all offices and posts:

- a. Pay all bills as close as possible to, but not later than, the due date or if appropriate, the discount date;
- b. Pay interest penalty payments automatically when a payment is late, without the need for vendors or contractors to request them. Use the current Treasury rate, as published in the Federal Register, to calculate the interest penalty (FMP provides to posts by telegram). Each payment for which a late payment interest penalty is paid must be accompanied by a notice to the vendor and the funding program office, which states the amount of the interest included in the payment and the rate and number of days used to compute the interest;
- c. Pay interest penalties out of amounts available to the agency to carry out the program for which the penalty is incurred. The Prompt Payment Act does not authorize the appropriation of additional amounts to pay penalties;
- d. Take discounts only when payments are made by the discount date;
- e. Maintain records of all discounts taken and lost; and
- f. If the designated billing office fails to annotate the invoice with the date of receipt, the date of the invoice will be considered to be the date of receipt of the invoice.

4 FAH-3 H-422.2 Receipt of Invoices

(TL:FMP-3; 5-30-95)

Invoices are dated (stamped or otherwise annotated) upon receipt by the designated billing office (the office or employee designated in the contract to receive the invoices).

4 FAH-3 H-422.2-1 Invoice Billing Office

(TL:FMP-17; 05-05-2003)

a. All contracts and purchase orders should specify the designated billing office where invoices are to be submitted by the vendor or contractor. Ordering officer compliance should be monitored and noncompliance should be reported to the post **management officer** or bureau officials.

b. Domestically, FMP/F/DFS/FO (unless specifically exempted by FMP/F/DFS/FO) is the designated billing office for the direct submission of invoices.

4 FAH-3 H-422.2-2 Return of Improper Invoices

(TL:FMP-3; 5-30-95)

Notice of an apparent error, defect, or impropriety in an invoice (a proper invoice is defined in 4 FAH-3 H-422.1-1) is given to the vendor within 7 days of receipt of the invoice. The notice must specify the reason the invoice is not proper. As required by the Prompt Payment Act, the number of days available for timely payment without incurring interest penalties must be reduced by the number of days the paying office exceeds the requirement to return the improper invoice in 7 days.

4 FAH-3 H-422.2-3 Vendor Invoice Submission

(TL:FMP-3; 5-30-95)

Vendors are encouraged to submit invoices promptly. Such action will permit prompt liquidation of obligations. The invoice is to be marked clearly as the original. To reduce copying costs, vendors are requested to furnish the number of copies of invoices (each marked as a "copy") required to support the voucher and to provide adequate identification of the goods or services that warrant the payment.

4 FAH-3 H-422.2-4 Time-Barred Invoices

(TL:FMP-3; 5-30-95)

In accordance with 31 U.S.C. 3702 and 3726, a claim shall be allowed only if it is received by the designated billing office not later than 3 years, for the payment of transportation related invoices and not later than 6 years for the payment of all other invoices, excluding time of war, after the later of the following dates:

- Accrual of the claim;
- Payment for the receipt of goods or services is made;
- Refund for an overpayment for the goods or services is made; or
- Deduction is made from amounts due to the claimant to adjust excess charges paid previously.

4 FAH-3 H-422.3 Solicitation of Invoices

(TL:FMP-3; 5-30-95)

a. Posts, bureaus and offices shall identify periodically those invoices that need to be solicited (i.e., those for which goods or services have been received or performed but not liquidated). Exercise discretion in making invoice solicitations so there is no question of the U.S. Government's liability or dispute about the facts.

b. The administrative or financial management officer may obtain invoices and supporting documents from vendors and contractors in order to make prompt payment for current legitimate claims for goods and services obtained through proper procurement methods.

4 FAH-3 H-422.4 When an Invoice is Not Needed

(TL:FMP-3; 5-30-95)

An invoice is not needed for:

(1) Transfers and purchases between U.S. agencies where an agreement between the Department and the relevant agency covers the range and cost of transactions (see 4 FAH-3 H-450); or

(2) Recurring payments for services if an agreement exists covering the payment of fixed amounts at regular intervals, all in the same way as payments for one-time purchases, as though the vendor provided an invoice. Examples of such payments are utilities, rent, security, janitorial and custodial services.

4 FAH-3 H-422.5 Use of Invoice in Lieu of Voucher

(TL:FMP-3; 5-30-95)

The original vendor invoice that contains all the information normally required on Form OF-206, Purchase Order, Receiving Report and Voucher (formerly, Form FS-455), may be used to support the Voucher Schedule, except for transportation payments, provided the funds have been obligated. Normally, funds are obligated when a purchase order (Form OF-206; or Form DS-1089, Blanket Purchase Agreement; or Form DS-1089A, Order-Supplies or Services) is completed upon request for purchase.

4 FAH-3 H-422.6 Original Invoices

(TL:FMP-3; 5-30-95)

a. Payment is made on original invoices only. If the original is lost, a copy marked "Duplicate Original" may be used when supported by an administrative approval on the document. Finance offices must take certain precautions to prevent duplicate payments. Vouchers, voucher schedules, and supporting documentation must be marked clearly to prevent duplicate processing. A stamp or other form of mark should be used indicating "PAID" on all payment documents.

b. Duplicate invoices are more likely to appear under one of the following conditions:

(1) Payments have been delayed and duplicate invoices are submitted by vendors as follow-up claims;

(2) Vendors submit invoices to more than one office for payment; or

(3) Invoices have been adjusted and are resubmitted after being paid.

4 FAH-3 H-422.7 Invoice Consolidation

(TL:FMP-3; 5-30-95)

To reduce the number of checks written by the USDO and the U.S. Treasury, finance offices should consolidate invoices to the same vendor (and address) for payment by a single check or funds transfer (I TFM 4-2025.50) only if these conditions exist:

- (1) Payment is to be made to a single office or location;
- (2) Payment is on behalf of a single U.S. Government bureau within a U.S. Agency except when payment is made overseas, in which case the payment may be made on behalf of more than one U.S. Agency;
- (3) Consolidation is agreeable to the vendor or U.S. Agency;
- (4) Consolidation does not result in loss of discounts (this might occur if invoices carrying discount terms are held for payment beyond the discount date in order to combine with other invoices received or expected); and
- (5) Provisions of the Prompt Payment Act are not violated. Invoices should not be held beyond the payment due date (as defined under the Prompt Payment Act) solely for the purpose of consolidation with other invoices received or expected. The Department is liable for interest and penalties for any delays in payment to all vendors notwithstanding anything stated under this section.

4 FAH-3 H-422.8 Lost Invoices

(TL:FMP-3; 5-30-95)

The effect of the Prompt Payment Act is that if an invoice is lost, it is the Department's responsibility to obtain a copy, or at the very least, the details of the underlying transaction. The Prompt Payment Act applies to lost invoices as well as to other invoices. The date of receipt of the invoice is the date on which the Department becomes liable for timely payments even if the invoice is subsequently lost. If examination and certification are delayed causing payment beyond the due date (based on the date of receipt of the original invoice), the Department remains liable for interest and penalties.

4 FAH-3 H-422.8-1 Before Payment

(TL:FMP-3; 5-30-95)

a. When an original voucher or invoice is lost before payment, the approving official obtains another voucher or invoice (unsigned) from the payee, if a copy is not on file. On all such duplicates, the payee must state that the original has been lost and that payment has not been received.

b. If a memorandum copy of the lost invoice or voucher is available, the approving official prepares a new voucher or invoice from it. The new voucher or invoice must be distinctly and prominently marked "DUPLICATE." Attach the memorandum copy of the lost voucher to the duplicate.

c. The approving official inserts or attach, securely, a full explanation of the circumstances surrounding the loss or destruction of the original voucher or invoice to the duplicate voucher.

d. A certification that administrative control (as described in 4 FAH-3 H-422), has been established to preclude the making of a duplicate payment in the event that the original voucher or invoice is subsequently located, is also required. Attach and file together all documents pertaining to both the original and the duplicate voucher.

e. Administrative control to prevent duplicate payments includes:

(1) Ensuring that sufficient and reasonable checks are built into the system (manual or automated) as required in 4 FAM 310 to prevent duplicate payments;

(2) Ensuring that written procedures exist to prevent or reduce the possibility of duplicate payments;

(3) Ensuring that examiners and certifying officers are aware of such procedures and of the circumstances that typically result in duplicate payments;

(4) Conducting periodic reviews of vendor paid files to ensure that duplicate payments have not been made;

(5) Conducting unannounced checks to test the adequacy of procedures and their effective implementation; and

(6) Conducting periodic reviews of reports produced by the system to ensure that duplicate payments have not been made.

4 FAH-3 H-422.8-2 After Payment

(TL:FMP-3; 5-30-95)

a. If an original voucher is lost after payment, the finance staff should prepare another voucher based on the memorandum copy and mark such a voucher distinctly and prominently "SECOND ORIGINAL—PAID." The payee need not sign the voucher. The voucher must have supporting approval similar to the original voucher.

b. The finance staff should provide a full explanation of the circumstances surrounding the loss of the original voucher and attach the memorandum copy. The second original is to be attested as a true copy of the first, over the signature of the certifying officer. The memorandum copy of the second original must be attached to the memorandum copy of the lost voucher and filed together with all documents pertaining to both the first and second original vouchers.

4 FAH-3 H-423 VOUCHER PROCESSING REQUIREMENTS

(TL:FMP-3; 5-30-95)

The following procedures are required for voucher processing when preparing and examining vouchers for certification and payment.

4 FAH-3 H-423.1 Blanket Purchase Agreements

(TL:FMP-3; 5-30-95)

The Department may enter into a Blanket Purchase Agreement (BPA) (Form DS-1089) with a vendor for day-to-day requirements. The BPA is a separate purchase order, contract, or obligating document issued to a single vendor for a range of supplies or services on which a number of invoices and payments are processed. The original agreement for contractual and billing information must be verified.

4 FAH-3 H-423.2 State and Local Taxes

(TL:FMP-3; 5-30-95)

Domestically, the Department is exempt from paying state and local taxes. Invoices or vouchers with such taxes must be returned to the claimant or the amount of the taxes should be deducted and the net amount for payment should be vouchered. If the amount of the tax is \$10 or less, the tax can be paid (7 GAO 21.3). The vendor should be informed

of the net amount in the case of a tax deduction and of the Department's tax-exempt status.

4 FAH-3 H-423.3 Recurring Payments

(TL:FMP-3; 5-30-95)

Recurring payments should be vouchered in accordance with the provisions of 4 FAH-3 H-422 .

4 FAH-3 H-423.4 Complete and Partial Payments

4 FAH-3 H-423.4-1 Complete or Initial Partial Payments

(TL:FMP-3; 5-30-95)

a. Form OF-206, Purchase Order, Receiving Report and Voucher, for overseas purchases or Forms DS-1089, Blanket Purchase Agreement, or DS-1089A, Order-Supplies or Services, for domestic purchases should be prepared when goods and services are requested. The form will serve as the original obligation document. When goods and services have been fully received, the form serves as the voucher with the vendor invoice supporting Forms OF-206, DS-1089, or DS-1089A. The certifying officer certifies the document.

b. When an initial partial invoice is received, a copy of the original Forms OF-206, DS-1089, or DS-1089A, supports the invoice and the receiving documentation, which is certified for payment. New Forms OF-206, DS-1089, or DS-1089A should not be prepared and used as support for partial payments.

4 FAH-3 H-423.4-2 Subsequent Partial Payments

(TL:FMP-3; 5-30-95)

Each subsequent partial payment for articles or services furnished (pursuant to a purchase order issued on Forms OF-206, DS-1089, or DS-1089A) is to be vouchered using a copy of the original Forms OF-206, DS-1089, or DS-1089A as the supporting documentation. The final invoice is attached to the original Forms OF-206, DS-1089, or DS-1089A for certification to pay.

4 FAH-3 H-423.5 Supporting Documentation

4 FAH-3 H-423.5-1 Purpose and Scope

(TL:FMP-3; 5-30-95)

a. Supporting documentation is required to ensure that all payments are authorized, accurate, legal, correct, and that the goods were actually received or services actually performed. Supporting documentation for voucher processing includes purchase orders and contracts, invoices and vouchers, receiving reports and approvals.

b. Copies of contracts or purchase orders and evidence of receipt and acceptance must be forwarded promptly to the appropriate payment office to ensure compliance with the Prompt Payment Act.

c. Supporting documents, in addition to obligating (procurement) documents and such documents as inspection certificates, weight certificates, etc., must be attached to the invoice and reviewed before payment can be certified. The purchase order and contract number on the invoice must be verified as proper and must agree with those on the obligating document (see 4 FAH-3 H-423.5-2) and the receiving document (see 4 FAH-3 H-423.5-2).

4 FAH-3 H-423.5-2 Documentation Requirements

(TL:FMP-3; 5-30-95)

a. A proper obligating document (purchase order, letter of agreement, and contract) contains the following:

(1) Vendor's complete name, registered address, and payment address (if different from registered address);

(2) Vendor code;

(3) Taxpayer Identification Number (TIN) or Social Security Number (SSN) where required;

(4) Purchase order or contract number;

(5) Description of the goods to be provided or services to be rendered. For purchase orders include quantity, individual price, estimated shipping cost, and total estimated costs. For contracts, include payment schedule and total cost of the contract;

(6) Complete address of the office to be billed;

(7) Complete shipping instructions with the shipping address;

(8) Terms of the transactions, when other than normal to make a proper, legal, or correct payment;

(9) Full fiscal accounting classification; and

(10) Name and signature of the ordering or contracting officer.

b. A proper receiving document (receiving report, shipping document, memo from an individual authorized to receive and accept the goods or services, annotation of receipt on the invoice, or where automated receipt capability has been provided) contains the following:

(1) Related obligating document number;

(2) Vendor name;

(3) List of goods received or statement by an authorizing officer that services have been rendered; and

(4) Name and signature of a U.S. agency representative authorized to receive and accept the goods or services.

4 FAH-3 H-423.6 Number of Copies

(TL:FMP-3; 5-30-95)

a. Vouchers should be prepared with at least an original and one copy. Additional copies may be required:

(1) To meet internal operational needs;

(2) When payment is made by a disbursing office or cashier at another location;

(3) When payment is to be reimbursed;

(4) To comply with inter-office transfer procedures; or

(5) In other cases, as needed.

b. Vouchers for other U.S. agencies should be prepared in accordance with 4 FAM 452 .

4 FAH-3 H-423.7 Voucher Numbering

(TL:FMP-3; 5-30-95)

The preparing office assigns voucher numbers, using numbering as a control mechanism.

4 FAH-3 H-423.8 Voucher Security Classification

4 FAH-3 H-423.8-1 Unclassified Vouchers Authorized by Classified or Confidential Non-Security Communications

(TL:FMP-3; 5-30-95)

Classified material should not be referenced in unclassified vouchers submitted with the regular accounts. Instead of citing classified documents in such vouchers, the approving official places the following statement in the body of the voucher: "Authorized by classified or confidential nonsecurity communication."

4 FAH-3 H-423.8-2 Classified or Confidential Non-Security Vouchers

(TL:FMP-3; 5-30-95)

Copies of each classified or confidential nonsecurity voucher should be labeled with the appropriate security classification. In unclassified reports which cover classified or confidential nonsecurity vouchers, such vouchers should be identified by voucher numbers, funds chargeable, and amounts.

4 FAH-3 H-423.9 Currency Data

(TL:FMP-3; 5-30-95)

a. All vouchers must be prepared in the currency shown on the billing invoice. A separate Voucher Schedule should be prepared for each currency.

b. The currency in which an invoice is to be paid must be indicated clearly in the "Approved for" or equivalent field. Billings made in local currency are paid in local currency. The U.S. dollar equivalent of local currency using the current exchange rate must be included in the fiscal data. U.S. dollar payments in lieu of local currency may not be made unless specially approved by the post FMO for a particular vendor and only if permitted by local currency laws of the country.

4 FAH-3 H-423.10 Payee's Statement

(TL:FMP-3; 5-30-95)

The payee's attestation, "I certify that the above bill is correct and just and that payment has not been received," must be signed on the original voucher or bill by:

(1) Carriers (including persons, corporations, or agencies) furnishing transportation and accessorial services (see 4 FAM 470) to the U.S. Government. Exemptions to this include:

(a) "Nontransit storage" billings for storage of effects (including permanent, indefinite, or temporary storage of goods) when such storage is prior to acceptance by a carrier at the point of origin of shipment or after release by a carrier at destination; and

(b) Subsidiary bills from carrier subcontractors furnishing accessorial services.

(2) Employees claiming reimbursement for travel, official residence expenses, representation, or any other allowance not paid through payroll. Exceptions to this include: Advance quarters allowances, travel advances, and "nontransit storage" (see paragraph (a) of 4 FAH-3 H-423.10 (1)).

(a) To facilitate obtaining a foreign payee's signature on the invoice, a foreign language translation of the payee's certificate may be placed under the English version on a voucher prior to signature by the payee. A rubber stamp may be used for this requirement.

(b) If it is not possible to obtain a required payee's signature on either the voucher or invoice (whichever contains the payee's certificate), a rubber stamp statement to that effect should be shown on the voucher over the signature of the certifying officer.

4 FAH-3 H-423.11 Accounting Classification Block

(TL:FMP-3; 5-30-95)

The accounting classification data must be indicated on all vouchers, including classified vouchers. The information to be shown in this portion for each type of voucher is provided in 4 FAH-1 Account Structure and Classification Codes.

4 FAH-3 H-423.12 No-Check Vouchers

(TL:FMP-3; 5-30-95)

No-check vouchers or no-pay vouchers are vouchers that do not require a payment to be made. No-check vouchers are transmitted to the Treasury or the USDO just like other vouchers except, that on the face of the vouchers, the words "No Payment to be Made" will be written in red pencil or ink. Such vouchers will be assigned numbers and must include all necessary accounting classification data. A travel voucher is an example of a no-check voucher where the payee's expenses are offset by a liquidating entry to the Travel Advance Account.

4 FAH-3 H-424 OTHER VOUCHER RESPONSIBILITIES

4 FAH-3 H-424.1 Other Personnel Responsibilities

(TL:FMP-3; 5-30-95)

Post and bureau/office personnel contracting or purchasing goods and services, executing receiving reports, and certifying vouchers for payment, are responsible for determining that invoices or vouchers examined, approved or certified, are correct, just and proper for payment. They are responsible for the establishment of adequate and sufficient checks and controls to prevent improper or duplicate payments of invoices or vouchers.

4 FAH-3 H-424.2 Vendor Responsibility

(TL:FMP-3; 5-30-95)

Vendors are responsible for complying with all statutory, contractual, and regulatory requirements applicable to transactions with the U.S. Government in accordance with 18 U.S.C. 287.

4 FAH-3 H-424.3 Goods Received by Despatch Agent

(TL:FMP-3; 5-30-95)

Payment to U.S. companies for goods delivered to the U.S. Despatch Agent is made before goods are actually received at posts. In such cases, approval is based on the notice of acceptance sent by the Despatch Agent to the post.

4 FAH-3 H-425 VOUCHER PREPAYMENT EXAMINATION

4 FAH-3 H-425.1 Objectives

(TL:FMP-3; 5-30-95)

a. The principal objectives of the prepayment examination of a voucher are to determine whether:

- (1) The voucher is for a valid obligation;
- (2) The information on the voucher and supporting documents is proper and correct;
- (3) All adjustments have been made to the vouchered amount; and

(4) The payment has already been made.

b. A voucher for a valid obligation requires that:

(1) Required administrative authorizations for procurement and approvals for payment were obtained;

(2) Payment must be as permitted by law and in accordance with the terms of the applicable agreement; and

(3) The obligation from which the payment will be made has an adequate unexpended balance to cover the payment;

c. For information on the voucher and supporting documents to be proper and correct requires that:

(1) Proper forms of documentation are used;

(2) Special certificates, if required, are furnished (see 4 FAH-3 H-423.10);

(3) The amount of the payment and the name of the payee are correct. If the payee is an individual, first, middle (or initial), and last names are to be shown in that order, unless local custom dictates otherwise;

(4) The goods received or the services performed, that are being billed for, are in accordance with the obligating document (see 4 FAH-3 H-423.5-2); and

(5) The quantities, prices, and amounts on the voucher are accurate and agree with the ordering document.

d. To ensure that all adjustments are made to the vouchered amount requires that:

(1) All cash, trade, quantity, or other cost-effective discounts are taken and, if not whether the reason is shown on the appropriate document;

(2) All applicable deductions are made and credited to the proper account in the correct amount (see 4 FAH-3 H-426); and

e. For any computation or extension error that results in a voucher underclaim that is:

(1) Not in excess of \$10, the voucher amount may be increased without notifying the payee when the claim is by an employee or other U.S.

Government creditor, and the payee has clearly claimed the full quantity of material or service and at the proper unit rate; or

(2) In excess of \$10, the payee is notified when the voucher is certified to explain or correct the error.

f. Verification is made to determine whether the payment has been previously made to prevent a duplicate payment.

4 FAH-3 H-425.2 Statistical Sampling

(TL:FMP-3; 5-30-95)

a. 31 U.S.C. 3521 authorizes the use of adequate and effective statistical sampling procedures in the examination and approval of vouchers.

b. Statistical sampling procedures should be carried out for vouchers not in excess of \$1,000. A post must receive specific approval by the Director, Office of Finance Policy and Management Controls, FMP/F/FMS/FPMC, before statistical sampling may be used.

c. Sampling plans must be based on the principles of probability, be designed scientifically to ensure adequate controls, and be implemented by knowledgeable staff. Timely reporting and proper recordkeeping are necessary for success.

d. Voucher examiners must audit vouchers with expenses over \$1,000 prior to payment while those under \$1,000 may be preaudited using statistical sampling.

4 FAH-3 H-425.3 Prepayment Examination not Needed

(TL:FMP-3; 5-30-95)

a. Interagency bills rendered by one U.S. Government agency to another on a reimbursable basis under 31 U.S.C. 1535 or similar provisions of law are not subject to prepayment examination or certification before payment (see 4 FAM 450).

b. Disbursements from imprest funds are not subject to prepayment examination and certification prior to payment as the examination is conducted on the cashier replenishment voucher.

c. When fast pay procedures are authorized, a vendor may be paid before the receiving report is obtained if subsequent payments are anticipated under the contract or purchase order. A post payment examination is made to assure that the payment was proper. If required, an adjustment is made on the next invoice submitted by the vendor.

4 FAH-3 H-426 VOUCHER DEDUCTIONS, SUSPENSIONS, AND DISALLOWANCES

4 FAH-3 H-426.1 Recovering Amounts Due

(TL:FMP-3; 5-30-95)

a. Whenever an amount is due the U.S. Government from a carrier, vendor, or contractor, collection is made by deduction (offset) from the current or next voucher submitted for payment. Such deductions should be made whether the collection is related to the voucher submitted for payment or not.

b. Procedures for recovering advances due from employees by travel voucher deductions are provided in 4 FAH-3 H-463 .

4 FAH-3 H-426.2 Advising Payee of Deductions

(TL:FMP-3; 5-30-95)

Voucher examiners should notify the payee of the purpose and amount of every voucher deduction and make such notification either in advance of the payment or at the time the payment is made. No specific format is prescribed for such notification.

4 FAH-3 H-426.3 Deductions for Credit to the Same Appropriation

4 FAH-3 H-426.3-1 Vouchering

(TL:FMP-3; 5-30-95)

a. When the deduction is credited to the same appropriation being charged by the payment voucher the voucher examiner should make the deduction in the "Administrative Difference" or other such field of the voucher, and then show the net amount in the "Approved for" or other such field. The voucher is to be approved (see 4 FAM 424) and certified (see 4 FAM 432) for the net amount due the payee.

b. Full charge and full credit must be shown against the allotment(s) or operating allowance(s) involved (the difference will represent the net charge to the appropriation).

FAH-3 H-426.3-2 Accounting

(TL:FMP-3; 5-30-95)

Finance staff should make postings or charges to the accounts in accordance with the accounting data on the vouchers. When payments are made in the Department on behalf of overseas posts, the staff should prepare Form FS-477, Liquidation Transfer Journal Voucher, and send it to the post. The post must accept Form FS-477 and send it to the servicing USDO. When USDO's make payments on behalf of other posts, electronic FS-477's must be submitted to the servicing USDO.

4 FAH-3 H-426.4 Deductions for Credit to a Different Appropriation

4 FAH-3 H-426.4-1 Vouchering

(TL:FMP-3; 5-30-95)

a. Domestically, when the appropriation to be credited is different from that being charged by the payment voucher, the voucher must be approved and certified in the full amount as a charge to the appropriation from which payment is made. Finance staff should record the deduction separately on Form SF-1096, Schedule of Voucher Deductions. Either a check is to be issued which is payable in the net amount due to the payee, or Form SF-1081, Voucher and Schedule of Withdrawals and Credits, is to be used if a U.S. Government agency is to be paid.

b. Staff should use Form SF-1096 for scheduling deductions from disbursement vouchers. Deductions made from more than one voucher should be shown individually on a single SF-1096 (I TFM 4-2065.30). Form SF-1096 is not required when the deduction is made from a payroll voucher.

c. Finance staff should charge the appropriation and allotment with the full amount of the voucher and show the amount of deduction as a credit to the particular appropriation and allotment.

4 FAH-3 H-426.4-2 Accounting

(TL:FMP-3; 5-30-95)

Separate postings should be made to the allotment accounts from the voucher and Form SF-1096, if post allotments are involved. The USDO must prepare Form FS-477, Liquidation Transfer Journal Voucher, when Washington allotments or those of other offices are involved and copies of the documents must be transmitted when required.

4 FAH-3 H-426.5 Adjusting Errors Between Appropriations

4 FAH-3 H-426.5-1 Documentation

(TL:FMP-3; 5-30-95)

Finance staff must document adjustments between appropriations and allotments resulting from errors found in the USDO's accounts, after the accounts have been closed for the month in which the payments or collections were made, on Form SF-1081, Voucher and Schedule of Withdrawals and Credits. Reference the original voucher number with the reason or explanation on Form SF-1081. Prepare Form OF-1017G, Journal Voucher, to correct errors in the FMO accounts for allotments controlled by the FMO, and for all domestic adjustments.

4 FAH-3 H-426.5-2 Responsibility

(TL:FMP-3; 5-30-95)

Posts with errors in the disbursing accounts must effect corrections between appropriations on the basis of Form SF-1081, Voucher and Schedule of Withdrawals and Credits.

4 FAH-3 H-426.5-3 Accounting

(TL:FMP-3; 5-30-95)

a. All appropriation adjustments which occur at posts are no-check transactions, but must be reflected on the USDO's Form OF-209, Accountability Record, and Form SF-1221, Statement of Transactions According to Appropriations, Funds, and Receipt Accounts (Foreign Service Account), of the appropriate U.S. Agency(s).

b. Domestically, such adjustments occur through a journal voucher which must be approved by an officer designated by FMP/F/DFS/FO. The amount to be charged as a payment and the amount to be credited as a receipt must be shown and reflected on Form SF-1221 as a payment under "Disbursements" for the U.S. Agency making payment, and as an appropriation refund under "Collections" for the U.S. Agency receiving the payment.

4 FAH-3 H-427 TAX WITHHOLDING AND REPORTING

4 FAH-3 H-427.1 Withholding Requirements

(TL:FMP-3; 5-30-95)

The Department's paying offices must secure a payee's Taxpayer Identification Number (TIN) where required (see 4 FAH-3 H-417) before issuing a payment. U.S.-based vendors normally include their TIN on their invoices. If the payee is an individual, the social security number is the TIN. If the individual does not provide their TIN, backup withholding of 20 percent must be withheld from the gross payment. The total gross payment and the Federal tax withheld is recorded at year end on IRS Form 1099 (see 4 FAH-3 H-417).

4 FAH-3 H-427.2 Reporting Interest Payments

(TL:FMP-3; 5-30-95)

The Department's paying offices are to report all interest paid to individuals subject to the Prompt Payment Act (see 4 FAH-3 H-417).

4 FAH-3 H-428 THROUGH H-429 UNASSIGNED