

4 FAH-2 H-400 PAYMENTS

4 FAH-2 H-410 DISBURSEMENTS

(TL:DOH-1; 06-13-2001)

4 FAH-2 H-411 INTRODUCTION

(TL:DOH-1; 06-13-2001)

This subchapter prescribes the procedures for processing payments chargeable to U.S. dollar appropriations.

4 FAH-2 H-412 U.S. DISBURSING OFFICER (USDO) RESPONSIBILITY

(TL:DOH-1; 06-13-2001)

a. The USDO is the only person authorized to make direct disbursements from government funds. A USDO is authorized to make disbursements for any item for which the USDO has a properly certified voucher. The USDO may delegate duties but remains primarily accountable. The payment cycle supervisor (under the supervision of the USDO) is responsible at each financial service center (FSC) for performing the detailed supervision of the payment cycle, including resolving payment cycle related problems and ensuring that the proper actions are performed by the staff at the right time.

b. Disbursements by a USDO are made by:

(1) Cash or checks, either U.S. dollar checks drawn on the U.S. Treasury's general account or local currency checks drawn on a designated depository account.

(2) Automated no-check payment process approved by Treasury which consists of magnetic tape, diskette, electronic funds transfer (EFT), or computer listing which directs a bank to credit a vendor's account with a corresponding charge to the account of the USDO.

(3) A designated cashier to accommodate payments for small purchases, official residence expense (ORE), etc. not exceeding \$500; and in an emergency, not exceeding \$3,000 with a certified voucher.

4 FAH-2 H-413 OBTAINING FUNDS FOR DISBURSEMENTS

(TL:DOH-1; 06-13-2001)

The USDO may obtain funds for official disbursements by the following methods:

(1) Use of collections, including suspense deposits abroad (see 4 FAH 3 H-320);

(2) Issuance and negotiation or deposit of Treasury checks; and

(3) Exchange transactions for official purposes as follows:

(a) Purchase of foreign currency with U.S. dollar Treasury checks or cash.

(b) Purchase of foreign currency drafts for the purpose of remitting payments to government creditors.

(c) Purchase of U. S. currency, checks, drafts, bills of exchange, or other instruments representing official funds for which the USDO is accountable.

(4) Purchase of funds from the chief disbursing officer (CDO), Department of Treasury or other accounting officer is by:

(a) Book transfer of funds (accounting entry transfers between accounts);

(b) Cable transfer of funds; and

(c) Shipments of U. S. or foreign currency.

(5) Funds for or from accommodation exchange transactions as provided in 4 FAH-3 H-360.

4 FAH-2 H-414 BASIC DISBURSEMENT REQUIREMENTS

(TL:DOH-1; 06-13-2001)

a. All disbursements, whether in cash, by check or EFT, for authorized and lawful payments must be certified and supported by backup documentation. Sufficient information should be shown on the disbursement vouchers or on documents attached thereto to enable the audit of the transaction.

b. To prevent duplicate payments, vouchers, voucher-schedules or computer files with associated vouchers must be identified with a unique voucher reference number to prevent the processing of the payment a second time.

c. Control over disbursements:

(1) The principal objectives of control over disbursements are to insure that all disbursements are legal, proper, correct, accurately recorded, and reported in a timely and efficient manner to Treasury, Internal Revenue Service, fund managers, or other agencies in compliance with existing regulations.

(2) Disbursement should be in conformity with Department of State principles and standards for internal management control and cash management policies.

(1) Large payments, by their very nature, are vulnerable to being processed as materially incorrect or improper. For example, errors have been made because payments were in the wrong currency. The USDO will conduct a review and approve all payments over one million U.S. dollars or the equivalent in foreign currency.

(2) The maximum amount for which an individual payment can be issued is dependent on the type of payment instrument. Maximum individual payment amounts for each payment instrument are as follows:

Paper check, with automated processing	U.S.	\$9,999,999.99
Paper check, with manual processing		99,999,999.99
ACH (automated clearing house)		99,999,999.99
EFT		999,999,999.99

(3) The Debt Collection Improvement Act of 1996 mandates the use of EFT for almost all federal government payments. ACH is the preferred mechanism for all payment amounts less than 100 million U.S. dollars. Large dollar payments that exceed the maximum amounts identified above should be broken into multiple payments.

(4) A USDO disbursing large payments will report to the Treasury in the following manner:

(a) For \$50 million or more to a single payee, other than to another government agency, the USDO will report two days prior to the payment the name of the approving agency, the intended date of issuance, the amount to be disbursed, the name and address of the payee (or payee's bank if the funds are so directed), and the method of disbursement.

(b) This information should be faxed to:

Funds Control Branch, Accounting Control Branch, Financial
Management Service, Department of the Treasury, (1 TFM 4-2550.
(20f).

Fax Number: 202-874-9945

Phone Number: 202-874-9789

A copy of the information should also be sent to FMP/F/IFS, Disbursing Oversight Office.

4 FAH-2 H-415 METHODS OF DISBURSEMENT

(TL:DOH-1; 06-13-2001)

a. A U.S. dollar obligation may be paid in either U.S. dollars or in local currency provided there is no restriction that limits the form of payment in local currency. Payments are made by checks, EFT, and paper funds transfers. Systems used include the Society for Worldwide Financial Telecommunications (SWIFT), Fedline, telex, and bank-provided programs.

b. A local currency obligation is paid in the same currency as that in which the obligation was originally established. Under emergency conditions, properly authorized payments of local currency expense vouchers of employees may be paid in dollars. Payments are made in dollar equivalents where the employee can satisfactorily establish the exchange rate at the time of acquisition, provided there is no disadvantage to the U.S. Government.

4 FAH-2 H-416 RATE OF EXCHANGE FOR DISBURSEMENTS

(TL:DOH-1; 06-13-2001)

a. FSC Charleston sends a worldwide cable each day announcing the official USDO rate of exchange for all currencies. The rate of exchange for disbursements is the official USDO rate of exchange on the date the payment is authorized, unless the certifying official specifies a different rate. For payroll vouchers to local employees, the applicable rate of exchange as of the payment date is used (4 FAH-3 H- 332.4). See 4 FAH-2 H-512 on how prevailing rate is used.

b. The exchange rate tolerance in the system should be set at no more than 10% for all currencies. Vouchers entered using more than the 10% tolerance should be flagged and reviewed by the USDO.

c. U. S. dollar equivalents are computed to the nearest cent, counting one-half cent and over as a whole cent.

4 FAH-2 H-417 THROUGH H-419 UNASSIGNED