

# 4 FAH-3 H-400 VOUCHERS AND CLAIMS

## 4 FAH-3 H-410 GENERAL

*(CT:FMP-43; 10-31-2007)*  
*(Office of Origin: RM/FPRA/FP)*

### 4 FAH-3 H-411 SCOPE

#### 4 FAH-3 H-411.1 Description and Purpose

*(CT:FMP-43; 10-31-2007)*

This chapter is applicable to voucher and claim processing and certification. It serves as the single, comprehensive, and authoritative source of procedural information related to the policies and regulations in 4 FAM 400.

#### 4 FAH-3 H-411.2 Organization and Layout

*(CT:FMP-43; 10-31-2007)*

The organization of this chapter reflects the flow of work within the area of vouchering and claims. General sections (those applicable to all types of vouchers) are followed by vouchering for special items, such as travel, travel advances, transportation, and claims. It is organized as follows:

- (1) **4 FAH-3 H-410—General:** Provides information common to all topics in this chapter and the forms used;
- (2) **4 FAH-3 H-420—Voucher Processing:** Presents the work flow in the vouchering process from the receipt of invoices through the approval and prepayment examination stages;
- (3) **4 FAH-3 H-430—Voucher Certification and Payment:** Describes the certification process and states the Department's prescribed procedures on certification; elaborates on liabilities of certifying officers; and describes some aspects of the disbursement

process;

- (4) **4 FAH-3 H-440—Exceptions in Vouchering Special Items:** Contains information on special or nontypical items of expenditure and describes exceptions to the rule as stated in 4 FAH-3 H-410, 4 FAH-3 H-420, and 4 FAH-3 H-430, and must be used in addition to these subchapters;
- (5) **4 FAH-3 H-450—Special Voucher Processes:** Contains prescribed procedures for processing and paying other vouchers such as imprest funds, other agency expenses; and purchase cards;
- (6) **4 FAH-3 H-460—Travel Vouchers and Advances:** Contains special procedures for processing and paying travel vouchers; issuing advances to travelers on official business; the recovery of such advances by submitting a travel voucher and/or by direct refund; the U.S. Government charge card and travelers check programs; and congressional travel;
- (7) **4 FAH-3 H-470—Transportation of Passengers and Things:** States the procedures on billings for the transportation of passengers and property by a carrier, carrier's agent, travel agency, or transfer company, as well as the treatment and redemption of unused tickets; and
- (8) **4 FAH-3 H-480—Claims Against the United States:** Presents the prescribed procedures for handling claims against the U.S. Government that are not supported by conclusive contractual obligations and documents. This subchapter provides an overview of the general claim settlement functions and a brief discussion of several types of claims not covered elsewhere.

## 4 FAH-3 H-412 FORMS

*(CT:FMP-43; 10-31-2007)*

The following are some of the major vouchering forms prescribed and referred to in this chapter. This list is inclusive, not exhaustive, and contains only the major forms used in the vouchering process:

- (1) **Form SF-1012**, Travel Voucher, used to process travel expenses and allowances for claims processed domestically;
- (2) **Form DS-189**, Travel Reimbursement Voucher, used to process travel expenses and allowances for overseas claims;

- (3) **Form DS-2076**, Purchase Order, Receiving Report and Voucher (formerly known as OF-206), used to voucher purchases and services other than personal where payment is to be made by a USDO. May also be used in place of special forms that are not readily available;
- (4) **Form DS-7635**, Cashier Reimbursement Voucher and/or Accountability Report, used by a cashier to account and be reimbursed for imprest funds;
- (5) **Form DS-1088-A**, Signature Card for Certifying Officer, contains the official signature of an authorized certifying officer;
- (6) **Form SF-1034**, Public Voucher for Purchases and Services Other than Personal, used to voucher domestic and foreign disbursements for purchases and services other than personal;
- (7) **Form SF-1047**, Public Voucher for Refunds, used to process refunds due remitters;
- (8) **Form SF-1080**, Voucher for Transfers between Appropriations and/or Funds, used as a charge document and disbursement voucher by the agency receiving the funds;
- (9) **Form SF-1081**, Voucher and Schedule of Withdrawals and Credits, used by agencies within the Treasury disbursing area to conduct interagency expenditure transactions;
- (10) **Form SF-1113**, Public Voucher for Transportation Charges, used to pay public carriers;
- (11) **Form SF-1164**, Claim for Reimbursement for Expenditure on Official Business, used to pay miscellaneous expenses, local travel, and telephone calls;
- (12) **Form SF-1166**, Voucher and Schedule of Payments, used to schedule payments in place of transmitting individual basic vouchers and supporting documentation.

## **4 FAH-3 H-413 MANAGEMENT CONTROLS**

### **4 FAH-3 H-413.1 Scope**

*(CT:FMP-43; 10-31-2007)*

This section describes the specific management controls for voucher and claims processing and certification. The focus is on the internal control checks and balances that are to be carried out in addition to the workflow steps described in this chapter.

### **4 FAH-3 H-413.2 Documentation**

*(CT:FMP-43; 10-31-2007)*

There should be complete, accurate, and easily accessible documentation for the use of all persons involved in voucher and claim processing. The documentation should include policy, procedures manuals, work flow descriptions and, if applicable, systems manuals.

### **4 FAH-3 H-413.3 Transactions and Events Record**

*(CT:FMP-43; 10-31-2007)*

- a. Transactions are to be recorded promptly, and should be based on:
  - (1) Receipt of goods;
  - (2) Receipt, examination, approval, and certification of vouchers;
  - (3) Claims made against the U.S. Government; and
  - (4) Recognition of claims of the U.S. Government against its debtors.
- b. The intent is to accelerate processing (to conform to statutes such as the Prompt Payment Act) and to maintain updated information for reporting, reviewing, and auditing purposes.

## **4 FAH-3 H-413.4 Execution of Transactions and Events**

*(CT:FMP-43; 10-31-2007)*

Each organizational entity should establish procedures that will prevent employees from exceeding their authority and ensure that only authorized persons can:

- (1) Receive goods and approve performance of services;
- (2) Examine and certify vouchers for payment; and
- (3) Settle claims.

## **4 FAH-3 H-413.5 Separation of Duties**

*(CT:FMP-43; 10-31-2007)*

- a. Operations should be separated to reduce the risk of error, waste, and wrongful acts (see GAO Title 7, Section 6.6(B), Policies and Procedures Manual, Fiscal Procedures for Guidance of Federal Agencies, Separation of Duties).
- b. In accordance with prudent internal control practices, the following operations should be separated from one another:
  - (1) Purchasing goods and services;
  - (2) Recording receipt of goods and services;
  - (3) Examining invoices and preparing vouchers (i.e., voucher examination);
  - (4) Certifying vouchers;
  - (5) Disbursing funds;
  - (6) Settling claims; and
  - (7) Reconciling accounting records.
- c. At bureaus/offices and posts with limited staff, duties may overlap. In the event such overlaps are necessary, post should implement a system of checks and balances with active supervision in place to ensure that responsibilities are being carried out properly. Where an overseas post

with limited staff requires the same individual to perform multiple functions that could create a potential conflict of interest, the post should seek procedural guidance from relevant policymaking authorities in the Office of Financial Policy (RM/FPRA/FP). Also see 4 FAH-3 H-060, Authorization Procedures, concerning separation of duties for certifying officers.

## **4 FAH-3 H-413.6 Supervision**

*(CT:FMP-43; 10-31-2007)*

Management control objectives are achieved by instituting a system of supervision. Supervision of voucher processing and certification includes:

- (1) Assigning responsibilities and duties to branch chiefs, supervisors, team leaders, voucher examiners, and clerical staff;
- (2) Reviewing the work periodically; and
- (3) Approving the work at critical junctures.

## **4 FAH-3 H-413.7 Resource Access and Accountability**

*(CT:FMP-43; 10-31-2007)*

- a. Only authorized (as defined within each bureau/office or post) individuals should have access to certain Departmental resources. The term resource includes funds, inventory, information, space, systems, and equipment. For example:
  - (1) Procurement personnel and examiners should not be able to enter or have write-access to receiving information; and
  - (2) Receiving personnel should not be able to enter or have write-access to procurement information.
- b. RM will determine the appropriate accounting system accesses for system users in order to maintain proper separation of duties.
- c. Only authorized individuals should have access for the receipt, examination, and certification of classified or confidential nonsecurity information. To prevent unauthorized access, all incoming mail should be clearly addressed.

## **4 FAH-3 H-413.8 Audit Trail**

*(CT:FMP-43; 10-31-2007)*

- a. An audit trail refers to the documentary or other evidence in place (on hard copy or authorized electronic storage devices) that allows the retracing of a transaction to its source.
- b. For individual voucher claims, the audit trail includes but is not restricted to:
  - (1) Requisition of goods;
  - (2) Request for proposals or solicitations;
  - (3) Issuance of purchase order or contract;
  - (4) Preparation of a receiving report or other evidence of performance or receipt;
  - (5) Preparation of vendor or U.S. agency invoice or voucher;
  - (6) Verification of names and signatures of individuals authorized to approve transactions; and
  - (7) Maintenance of logs to track claims in transit and voucher schedules.
- c. Audit trail requirements for the entire voucher and claim process include:
  - (1) Identification of accounting classification codes;
  - (2) Maintenance of relevant dates, such as preparation date, processing date, and accounting date;
  - (3) Maintenance of records (i.e., authorization of individuals to perform specific functions, signature cards, letter of authorization);
  - (4) Retention of supporting documentation and certificates (see 4 FAH-3 H-413.9, Records Management);
  - (5) Retention of vouchers, supporting documentation, calculations, and computations, etc., for manual systems; and
  - (6) Maintenance, in an automated environment, of batch control logs, header and trailer records, error listings, suspense and exception reports, etc.

## **4 FAH-3 H-413.9 Records Management**

*(CT:FMP-43; 10-31-2007)*

- a. The Department's policies concerning records management are described in 5 FAM 400; the practices and procedures for records management are detailed in the Records Management Handbook (5 FAH-4); and a records management page, including electronic options, is available on OpenNet.
- b. If an original document is required for investigation or inspection purposes, a copy of the original document, with a statement signed by the requesting official that the copy on file is a true copy of the original, may be used.

## **4 FAH-3 H-414 PAYING OFFICE CONTRACT FILES**

*(CT:FMP-43; 10-31-2007)*

- a. In accordance with GAO Titles 7 and 8 and Federal Acquisition Regulation (FAR) 4.803(c), paying finance offices will maintain a Paying Office Contract File of each contract, as defined in FAR 2.101, issued for payment by that paying office. Each contract file should be kept separately, by means of either a hard copy or machine-readable or electronic record, documenting the actions prerequisite to, substantiating, and reflecting the contract payments that should be cross-referenced to the payment schedules. The following are examples of the records normally contained, if applicable, in the paying office's contract files:
  - (1) The contract and any modification(s);
  - (2) Each bill, invoice, or voucher, with supporting documents related to the contract;
  - (3) A record of each payment or receipt, including the source of funding and the unexpended balance (obligated amount of the contract net of payments or receipts); and
  - (4) Other pertinent documents.
- b. The paying office should close the contract file upon issuance of the final payment voucher.

## 4 FAH-3 H-415 TAX REPORTING REQUIREMENTS

### 4 FAH-3 H-415.1 Scope

*(CT:FMP-43; 10-31-2007)*

This section defines certain key terms; identifies the authority under which reporting to the Internal Revenue Service (IRS) is required for payments made to certain contractors; and describes the related reporting requirements.

### 4 FAH-3 H-415.2 Authority

*(CT:FMP-43; 10-31-2007)*

26 U.S.C., section 6041 requires payers, including U.S. Government agencies, to report to the IRS and other appropriate tax authorities payments made to certain contractors.

### 4 FAH-3 H-415.3 Definitions

*(CT:FMP-43; 10-31-2007)*

**Compensation:** As used in this subchapter, includes housing and education allowances paid domestically, whether taxable or not; it does not include travel reimbursement if itemized on a nonemployee's invoice.

**Contractor Establishment Code (CEC):** A numbering system to identify Federal contractors. Federal agencies are required to report vendor activities for commercial vendors with Federal contracts of \$25,000 or more, using CEC numbers to identify the vendor.

**Data Universal Numbering System (DUNS):** A unique 9-character identification number provided by Dun & Bradstreet. The Federal Government requires business entities, self-employed individuals, contractors, and individuals who provide services or goods to have a DUNS number.

**Employer identification number (EIN):** A taxpayer identification number obtained by sole proprietors, businesses, and U.S. agencies to identify themselves when reporting wage and/or salary payments made as employers to other contracted parties.

**Taxpayer identification number (TIN):** A unique number assigned by the IRS to taxpayers (individuals, businesses, and U.S. agencies) to be used in reporting tax and other returns. In the case of individuals and sole proprietorships, the TIN of the individual or proprietorship is the Social Security Number (SSN).

## **4 FAH-3 H-415.4 Reporting Requirements**

### **4 FAH-3 H-415.4-1 Employer Identification Number (EIN)**

*(CT:FMP-43; 10-31-2007)*

Each payment office of the Department of State (post financial management office or the Office of the Deputy Assistant Secretary for Global Financial Services (RM/GFS) is required to obtain a separate EIN by submitting IRS Form SS-4, Application for Employer Identification Number, to the Internal Revenue Service (IRS).

### **4 FAH-3 H-415.4-2 Report Dates, Forms and Exclusions**

*(CT:FMP-43; 10-31-2007)*

- a. The Department payment offices are required by the Internal Revenue Code to complete, by January 31 of each year, certain forms (e.g., IRS Form W-2, Wage and Tax Statement, and form IRS-1099-MISC, Statement for Recipients of Miscellaneous Income) for the tax year ending December 31 of the previous year. The forms are due to the payee on January 31 and to the IRS on February 28 (or March 31, if filing electronically) of the year for which the returns are being filed.
- b. Forms to be filed include:
  - (1) IRS Form W-2, Wage and Tax Statement, to report wages and other compensation paid to personal services contractors for whom taxes were withheld during the year (see 4 FAH-3 H-427 for the policy on withholdings including the criteria and percentage of such withholdings);
  - (2) IRS Form 1099-INT, Statement for Recipients of Interest Income, to report interest payments (due to late payments made under the Prompt Payment Act), not including interest on an IRA, of \$600 or more, made to individuals, partnerships, or trusts; and
  - (3) IRS Form 1099-MISC, Statement for Recipients of Miscellaneous Income, to report nonemployee compensation and other payments,

including rent, royalty, and fees to subcontractors and others not treated as Department employees. The Department is to report on Form 1099-MISC any compensation of \$600 or more to any person, partnership, or professional group (e.g., a medical corporation where the physicians are taxed individually) in a given calendar year. This requirement applies to any recipient that is subject to U.S. tax laws, including foreign nationals with “green cards.”

c. Payments to the following recipients are not to be reported on IRS Form 1099:

- (1) Recipients whose compensation is reported on form IRS-941, Employers’ Quarterly Federal Tax Return and/or IRS Form W-2;
- (2) Corporations or any entity treated like a corporation under law (e.g., a professional association);
- (3) Tax-exempt organizations, the United States, a State, the District of Columbia, a U.S. possession, or a foreign government; and
- (4) Recipients not subject to U.S. tax laws.

## **4 FAH-3 H-416 THROUGH H-419 UNASSIGNED**