

**Forest Service Manual
National Headquarters - Washington Office
Washington, DC**

**Forest Service Manual 6500 – Finance and Accounting
Chapter 6540 - Payments**

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Approved by: Thelma J. Strong, Acting, Chief Financial Officer (CFO)

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Responsible Staff:

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Digest: Following is an explanation of the changes throughout the directive by section.

6540: Makes minor technical and editorial changes throughout chapter.

6540.43: Adds code and caption for “Director of Financial Policy” and sets forth responsibilities.

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6540.1 - Authority

1. Agriculture Acquisitions Regulations (AGAR) Advisory No. 52, provides guidelines on prohibiting use of convenience checks for purchases or payments.
2. Office of Management and Budget Circular A-129, establishes policy for Federal Credit Programs and Non-Tax Receivables, as amended November 29, 2000, provides policies and procedures for Federal delinquent debt collection (non-tax receivables) and debt management under the Debt Collections Improvement Act (DCIA).
3. Office of Management and Budget (OMB) Circular A-123, Appendix C, consolidates the three previous OMB memoranda's ("Programs to Identify and Recover Erroneous Payments to Contractors", "Allow ability of Contingency Fee Contracts for Recovery Audits", and "Improper Payments Information Act of 2002 (IPIA) (Public Law No: 107-300)"). In addition, Appendix C clarifies and updates requirements in order to support government-wide IPIA compliance.
4. Twenty-Five Percent Fund Act of 1908, requires the Forest Service to return to states and territories 25 percent of all qualifying moneys received from National Forests within their boundaries.
5. The Bankhead-Jones Farm Tenant Act 1937, requires the Forest Service to return to counties 25 percent of all revenues received from National Grasslands.
6. Secure Rural Schools and Community Self-Determination Act of 2000, requires the Forest Service to restore stability and predictability to the annual payments made to states and counties containing National Forest System lands and public domain lands managed by the Bureau of Land Management for use by the counties for benefit of public schools, roads, and other purposes. This act is part of the Twenty-five Percent Fund Act of 1908.
7. Debt Collection Improvement Act of 1996 (DCIA) (Pub. L. 104-134), amends the Debt Collection Act of 1982 and provides for the referral of valid, legally enforceable delinquent debts to the Department of the Treasury for processing through its cross servicing program.
8. Debt Collection Improvement Act of 1996 as amended, requires most payments be made by electronic funds transfer (EFT) and requires all Federal payment certifying officials to include a valid taxpayer identification number (TIN) on all payment vouchers certified to U.S. Treasury, except in specific circumstances.
9. Prompt Payment Act as amended (31 U.S.C. 3901-3906), requires the payment of commercial obligations within certain time limits and to pay interest penalties when payments are late. Unless otherwise specified, Section 1315.4(g) of the Prompt Payment Act states that payment is due either:

- a. On the date specified in the contract,
 - b. In accordance with discount terms offered and taken,
 - c. In accordance with accelerated payment methods, or
 - d. Thirty days after the start of a payment period, when a proper invoice is received.
10. Title 7, Code of Federal Regulations, Part 3 - Debt Management (7 CFR part 3), provides the Department of Agriculture's implementing regulations for debt management, including debt collection standards.
11. Title 16, United States Code Title 31, United States Code, section 3321 (b) (16 U.S.C. 3321), provides for economy and efficiency, the Secretary of the U.S. Treasury may delegate the authority to disburse public money to officers and employees of other Federal agencies.
12. Title 31, Code of Federal Regulations, Part 212 (31 CFR part 212), provides Department of the Treasury regulations for requiring taxpayer identification numbers pursuant to the DCIA.
13. Title 31, Code of Federal Regulations, Part 285 (31 CFR part 285), provides direction under the DCIA debt collection authorities for administrative offset, tax refund payment offset, salary offset, administrative wage garnishment, and transfer of debts to the Department of the Treasury for debt collection.
14. Treasury Financial Manual, provides Treasury guidelines for financial accounting and reporting of all disbursements of the Federal government.

6540.2 - Objectives

Prescribe the general principles and policies that establish control over payments and to ensure that all payments are legal, accurately recorded, reported, and reconciled in a timely and efficient manner.

6540.3 - Policy

1. Approve and make timely and accurate Forest Service payments due for eligible goods and services ordered and received; or other legal obligations and indebtedness. No duplicate, improper, or partial payments of invoices are authorized.
2. A governing official must designate the appropriate Forest Service employees to approve payments. Employees designated to approve payments shall not convert to their own use, loan, exchange for other funds, or deposit public funds entrusted to them, except as authorized by law. Any employee found guilty of misuse of public funds is subject to prosecution.

3. Payments and payment processes must be periodically reviewed to ensure that the Forest Service complies with all applicable Federal financial authorities, guidelines, and internal controls.

4. The AGAR Advisory, No. 52, provides guidance and directions on eliminating the use of convenience checks. The Forest Service may not use convenience checks for purchases or payment unless an applicable Departmental waiver allows such use. See AGAR Advisory No. 52 for waiver authority.

6540.4 - Responsibility

6540.41 - Chief Financial Officer

1. Prescribe policy, daily payment processes, the related accounting and reporting, and the related internal and system controls that establishes financial control over all payments made by the Forest Service.
2. Ensure that the agency adheres to Federal and USDA authorities and regulations that govern the management of Forest Service payments.

6540.42 - Washington Office, Director of Financial Systems

It is the responsibility of the Director of Financial Systems to:

1. Ensure that Forest Service accounting system provides adequate accounting and system controls to allow for accurate and timely payments.
2. Assign an appropriate set of rights and privileges or accesses needed by system users when performing specified payment tasks.
3. Conduct an annual review of roles and profiles in the financial system that has a major impact on payment processing and recordation.

6540.43 - Washington Office, Director of Financial Policy

It is the responsibility of the Director of Financial Policy to provide Forest Service policy for payment.

6540.44 - Albuquerque Service Center, Director of Budget and Finance

It is the responsibility of the Albuquerque Service Center, Director of Budget and Finance (ASC-B&F) to:

1. Plan and direct all aspects of payment activities through supervisors or employee designee.
2. Establish and maintain adequate controls for all payments using appropriations and funds under their jurisdictions.

3. Manage and monitor the implementation of payment policies in accordance with direction issued by the Chief Financial Officer.
4. Provide adequate internal controls to safeguard against illegal or erroneous payments and provide adequate protection for expenditure of public funds.
5. Maintain appropriate internal controls to process timely payments in the correct amount and to the proper vendor.
6. Ensure payment accuracy and prompt resolution of any incorrect, duplicate, or improper payment.
7. Establish and maintain a management control program to prevent waste, fraud, and abuse; to control loss in efficiency; and to promote accuracy and reliability in accounting operations and data.
8. Implement procedures to identify, review, and recover improper payments.
9. Manage a quality assurance program which includes annual review of payments and payment operations.
10. Establish appropriate divisions of responsibility and separation of duties as needed to eliminate conflict of interest in the management and processing of payments.

6540.45 - Supervisor or Designated Official

It is the responsibility of the supervisor or designated official requesting payments to:

1. Ensure that all commitments for purchases for goods and/or services are properly authorized and funded.
2. Provide guidance and directions to employees on processing reimbursement requests and ensuring that such requests are made using the proper format and approval process (for example, wellness agreement, and AD-202 Travel Authorization).
3. Ensure all supporting documentation is provided and completed before authorizing reimbursement, including job code and budget organization code (override).
4. Ensure that all requests for reimbursements are properly approved.
5. Submit a timely and completed FS-6500-229, "Request for Reimbursement Form," and necessary supporting documentation in the requested format, to ASC-B&F for processing.
6. Ensure each payment request is submitted to ASC-B&F in the mandatory format, using the most secure means, to ensure protection of Personally Identifiable Information (PII), when forwarding the FS-6500-229.

7. Complete form FS-6500-229, "Request for Reimbursement Form," and provide supporting documentation in the local office immediately after submission of the request.

6540.46 - Employees

It is the responsibility of the employee to:

1. Follow proper procurement procedures to acquire all goods and/or services necessary to meet the unit's needs.
2. Ensure that any expenditure for goods and/or services that are allowed, under the employee reimbursement programs, are authorized in advance.
3. Submit a complete and accurate FS-6500-229, "Request for Reimbursement Form," with supporting documentation to the immediate supervisor or other designated official for review, recommendation, signature, and forwarding to ASC-B&F for payment processing.

6540.5 - Definitions

Accountable Officer. Government employee entrusted or statutorily made responsible for public funds. Accountable officers encompass such officials as approving officials, certifying officers, assistant disbursing officers, collecting officers, and other employees by virtue of their employment, and are responsible for, or have custody of, Government funds. These officials are personally liable for the loss or improper payment of funds for which they are accountable.

Accounts Payable. Delivered orders not paid. Amounts owed for goods and services received from vendors, contractors, cooperators, or other government agencies. Accounts payable also reflects agency accruals.

Advance Payments. Payments made in advance of goods or services being received, to a prime contractor or cooperator in anticipation of, and for the purpose of, complete performance under one or more contracts.

Agency Location Code (ALC). A numeric symbol used to identify specific agency transactions in Treasury IPAC system.

Approving Official. A federal permanent employee, approved by the ASC-B&F, to approve agency payments in the Forest Service core financial system. The responsibility and accountability of certifying officers is specified in 31 U.S.C. 3528(a). The approving official is formerly known and sometimes referred to as the certifying officer.

Budget Organization Code. The numeric identifier used to assign program expenses to the appropriate Forest Service organization responsible for those costs, as captured with a four digit code in the agency core financial system. The first and second characters correlate to the Washington Office and Region/Station/Area. The third and fourth characters correlate to a Washington Office Deputy Area or unit. For example, 1321.

Certifying Officer. An individual designated to attest to the correctness of statements, facts, accounts, and amounts appearing on a voucher or other documents.

Commitment. The setting aside or reservation of funds expected to be used in the future to purchase goods and/or services. Commitments are an administrative reservation of funds for any action short of a binding contract, order, or other similar agreement with an entity, public or private, outside the committed fund.

Designation of Disbursing Related Authority. Documentation submitted to Treasury's Financial Management Service (FMS), using the FMS 210 series, form 2958, Delegation of Authority, to notifying FMS of the selection or appointment of an individual to perform a specific disbursement related function.

Effective Date of Delegation/Designation. The beginning date used by Treasury's Financial Management Service (FMS) to determine when a delegation/designation takes place; they normally expire after 2 years. The effective date may also be the latter of, the effective date requested on the form, or the date accepted by FMS. (Example: If the agency specifies a requested effective date of March 3, and FMS accepts the form on March 7, the effective date will be March 7. If the agency was to specify an effective date of May 20, and FMS accepted the form on May 5, the actual effective date would be May 20.)

Electronic Approval and Certification. An automated function that permits the secure, accurate, rapid communication, and approval or certification of payments. Electronic certification eliminates the highly labor-intensive processing of paper documents. Payments are verified and accepted using message authentication technology.

Electronic Certification System. Department of U.S. Treasury system used to electronically disburse funds for Federal agencies.

Electronic Funds Transfer (EFT). Transfer of funds, other than a transaction originated by cash, check, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer or magnetic tape, for the purpose of ordering, instructing, or authorizing a financial institution or authorized payment agent to debit or credit an account. The term includes, but is not limited to, automated clearing house transfers, Fed wire transfers made at automated teller machines and point-of-sale terminals.

Expenditure. The amount of a payment issued or other payments made (including advances to others), net of refunds, and reimbursements. Expenditures are reported in net dollar amounts.

Head of Agency. This term, when used in relation to delegations of authority, is interpreted to mean the head of an Executive Agency, as appointed by the President; that is, Secretaries of Departments, Administrators of Administrations and Commissioners of Commissions. At the discretion of the Treasury Chief Disbursing Officer (CDO), Head of Agency delegations may be accepted from lesser authorities in an agency, such as Bureau Heads and agency and/or bureau Chief Financial Officers.

Intra-Government Payment and Collection System (IPAC). An automated intra-governmental process, operated by the U.S. Treasury for billing and collection, for services and supplies.

Involuntary Creditor. An employee who uses personal funds to furnish items that should be funded by the government is more of an “involuntary creditor” and may be reimbursed (for example, see 8 Comp. Dec. 377). In order to become an “involuntary creditor,” the employee must attempt to obtain payment from the government through proper procurement methods before resorting to personal funds (8 Comp. Dec. 379).

Obligation. A legal responsibility or obligation to pay for an order. Obligations do not include commitments. An obligation records the accounting and budgetary impact of an order to purchase goods/service. The available budget amount is reduced by the amount of the order. The sum of undelivered and delivered orders.

Partial Payments. Payments for accepted supplies and services that are only a portion of the total contract amount due, requiring additional payments in the future.

Procurement Authority. Delegated authority to make purchases; contracts and related commitments for Forest Service.

Progress Payments. Payments made to a contractor as work progresses on the contract. They may be based on costs incurred by the contractor or a percentage or stage of completion.

Ratification. The signed, documented action taken by an authorized official to approve and sanction a previously unauthorized commitment (AGAR 401.602-3).

Treasury Approving Officers. Refers to officers of Department of the Treasury Financial Management Services Operations Directorate or those who have been delegated Disbursing Authority by the Department of the Treasury Financial Management Service.

Unauthorized Commitment. Assume obligations of or make payment for the government without written delegated procurement authority.

Unliquidated Obligations. The amounts of orders placed, contracts awarded, and similar transactions during an accounting period that have not been paid.

Voucher. Vendor invoices or other approved Federal government forms, prepared by or for the creditor, requesting payment for services, supplies, equipment, transportation or any other transaction that obligates the Forest Service, and ultimately results in an expenditure.