ADS Chapter 630

Payables Management

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ADS 630 – Payables Management

630.1 OVERVIEW
Effective Date: 06/09/2004

This ADS chapter sets forth the principles, requirements, and procedures that govern the examination, certification, and payment of basic vouchers, invoices, contract financing requests, claims, and other payment requests.

630.2 PRIMARY RESPONSIBILITIES
Effective Date: 10/09/2008

a. The Chief Financial Officer (CFO) uses technology to improve the efficiency of payment processes and implements USAID policy and guidance to empower employees and eliminate unnecessary controls. The CFO periodically reviews USAID disbursement systems to ensure that USAID uses the most effective mechanisms. Under FAA 636(b), the CFO has been re-delegated the authority to approve extraordinary payments.

b. The Bureau for Management, Office of the Chief Financial Office, Central Accounts and Reporting Division (M/CFO/CAR) appoints Certifying Officers and removes them from the approved list when they no longer serve in such a capacity.

c. Paying Offices (USAID Mission Controllers and the Bureau for Management, Office of the Chief Financial Office, Cash Management and Payments Division (M/CFO/CMP) maintain appropriate internal controls to process payments in the correct amount, payable to the proper vendor, and within the timeframe established by Prompt Pay Regulations. (See **5 CFR 1315**; Prompt Payment Act information can be found on Treasury's Financial Management Services Web site(http://www.fms.treas.gov/)).

d. Cognizant Technical Officers (CTOs): While CTOs serve acquisition and assistance functions as defined by their Letters of Assignment, they also perform financial management functions. CTOs perform administrative approval on all vouchers submitted under USAID direct contracts, grants, interagency agreements, cooperative agreements, and host country contracts. The CTOs are generally in the best position to know or determine-

- If the goods or services USAID received conform to those specifically requested by the acquisition and assistance document involved;

- If the services USAID requested have been rendered as described in the billing, or if the contractor has delivered the goods in an acceptable condition; and

- That payment is in order.

e. Contract and Agreement Officers ensure that USAID includes payment terms (such as specifying when payment will be due and the conditions under which payments will be made) in contracts, purchase orders, grants, and other procurement documents. This also includes electronic funds transfer **(EFT)** clauses or provisions in all awards, as appropriate.

f. Certifying Officers ensure that the law permits the payment; the appropriation amounts are available at the time and USAID uses them for the intended purpose; USAID has received the goods and services and they conform to the requirements of the order or agreement; the authorized paying office has obtained the required administrative approvals; and the prices and calculations are accurate.

g. Office of General Counsel and Regional Legal Advisors provide an opinion that the specific payment or obligation in question can legally be made.

630.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 06/22/2007

630.3.1 Financial Documentation Responsibilities

Effective Date: 10/09/2008

Financial documentation is any documentation that impacts on, or results in, financial activity. It is not limited to documentation within Controller or CFO operations, but includes any source material causing or resulting in a financial transaction. **CTOs**, Agreement/Grants Officers, Strategic Objective teams (**SOs**), etc., are responsible for retaining financial documentation and ensuring its availability for audit.

Basic financial documentation retention rules follow:

a. If an action will result in a financial transaction, it must be documented;

b. Source documentation must be readily available for audit; and

c. Collection vouchers and payment documentation, including various classifications of vouchers and schedules of payments, are Accountable Officers' records. Accountable Officers' records are maintained for a period of six years and three months (see **Certifying and Accountable Officers' Responsibilities**, **630.3.3.1**). The National Archives and Records Administration (**NARA**), General Records Schedule 6, requires that payment voucher documents be kept-on site and available for audit for the required period. After that they can be destroyed. (see **NARA General Records Schedule 6)**

Note: The general rule for retention of financial documents is seven years; however, retention times may vary, so please refer to retention by document type in ADS 502, The USAID Records Management Program.

The specific Financial Records Disposition Schedules are located in the Mandatory Reference section of ADS 502, under Records Disposition Schedule, USAID/W, Chapter 15, Fiscal Management Records; and Records Disposition Schedule, USAID, Chapter 35, Financial Management Records.

See also the National Archives and Records Administration (NARA) General Records Schedules, GRS 6, Accountable Officers' Account Records; and GRS 7, Expenditure Accounting Records.

630.3.2 Administrative Approval and Cognizant Technical Officer (CTO) Responsibilities

Effective Date: 10/19/2000

630.3.2.1 Administrative Approval by a CTO or Other Approving Official

Effective Date: 01/17/2002

Administrative Approval provides written evidence that work is proceeding satisfactorily under an assistance agreement or that, for a contract, USAID received the goods and/or services specified on the invoice and they conform to the requirements of the agreement between the vendor and USAID. The approving officer must also complete the checklist included on the approval form, showing the basis of his/her approval. The paying office, not the approving officer, is responsible for validation of pricing, extension of computations, etc. (see **Administrative Approval Form and Checklist**)

Generally, it is the payment office that is responsible for retention of original payment documents, but CTOs share in the retention responsibilities for those actions that they are responsible for (see AAPD 04-10 **Standardized Model Letters for Designating the Cognizant Technical Officer (CTO) for Contracts, Grants, and Cooperative Agreements**). Below are some examples shown to reduce audit exposure;

- Records and documentation concerning disallowed or suspended payments that clearly explain the reason(s) for the disallowed or suspended amounts for the life of the contract or agreement award.

- Records and documentation that support accruals (see **ADS 631**); and

- Records and documentation that support financial and pipeline analysis (see **ADS 621.3.12**).

There are some payments that the CTO does not administratively approve, including the following:

- Payments made by bank Letters of Commitment;

- Agreements financed under Letters of Credit using the Department of Health and Human Services Payment Management System; and

- Periodic advances requested under assistance agreements and paid by **EFT** or Treasury check.

630.3.2.2 CTO Adjustments for Amounts Claimed or Invoiced
Effective Date: 01/17/2002

If the CTO identifies any improper claims when reviewing the voucher, the CTO has two options. If the questioned amount is on a continuing contract and the contractor can easily correct it before the contract ends, the CTO can approve the invoice as submitted and request an explanation for the questioned amount to avoid a future suspension of the amount. The CTO must request additional information from the payee in writing, and attach a copy of the written request to the approved voucher when returning it to the paying office.

If the CTO decides that USAID should not pay any or all of the cost in a voucher until the payee provides additional information, the CTO may suspend these costs. The CTO must indicate the amount he/she is suspending–and why–in a written letter to the payee, and send it within seven days of receiving the administrative approval form. The CTO must also return the invoice, Administrative Approval form, and a copy of the suspension letter to the paying office.

Sample letters for the CTO's use are in the Additional Help section of this chapter. (see **Sample CTO Letters**) The CTO must include the voucher number on the letter or notification form.

630.3.2.3 CTO's Requests for Additional Information from Designated Payees
Effective Date: 01/17/2002

The policy of the CFO is to request only the documentation that the payment clause in the contract or grant requires. This policy does not imply that CTOs cannot resolve with the contractor or recipient obvious anomalies in the invoice. It is not appropriate to request on a routine, recurring basis all of the support documentation that backs up a contractor's or recipient's invoice. Contractors and recipients are subject to annual audits, which provide reasonable assurance that they are claiming for reimbursement only eligible, supported costs.

If at any time a CTO has reason to believe that a contractor or recipient's financial reports and/or vouchers do not accurately reflect its expenditures, he or she should discuss the issue with the Contracts or Agreement Officer. The Contracts or Agreement Officer may then decide to request a financial review or audit of the contract or agreement.

630.3.2.4 Administrative Approval Form and Checklist
Effective Date: 01/17/2002

The paying office will normally provide a copy of the form and the voucher that the CTO is to review and approve. A sample of the Administrative Approval Form and Checklist

is attached as an internal mandatory reference. (see **Administrative Approval Form and Checklist**)

630.3.3 Certifying Officers' Responsibilities
Effective Date: 06/09/2004

630.3.3.1 Certifying and Accountable Officers' Responsibilities
Effective Date: 06/09/2004

An Accountable Officer is any government employee or officer who by reason of his or her employment is responsible for or has custody of government funds. Authorized Certifying Officers do not have physical custody of funds, but are Accountable Officers because they are responsible for the legality of payments. Authorized Certifying Officers must be designated in writing. Contracting Officers and employees who administratively approve vouchers are not Accountable Officers.

As a matter of long-standing public policy, Certifying Officers and other Accountable Officers are strictly liable for any illegal, improper, or incorrect payments. They are required to make restitution for any illegal, improper, or incorrect payments resulting from false, inaccurate, or misleading certifications. They may be subject to disciplinary action for the loss or improper payment of funds.

The Department of Justice concluded as a matter of law that 31 U.S.C. 3527, 3528, and 3529 and other laws that purported to authorize the Comptroller General, an agent of Congress, to relieve Certifying and other Accountable Officers of the Executive Branch from liability in the certification of payments is unconstitutional.

USAID has the authority to relieve USAID Certifying and other Accountable Officers of personal liability. USAID will not seek to recover a payment from or discipline a Certifying or other Accountable Officer if

a. The officer requested and relied on the opinion of a Regional Legal Advisor **(RLA)** or the Office of General Counsel **(GC)** that the specific payment or obligation in question could legally be made;

b. The officer requested an advance opinion from another entity authorized to provide advance decisions. For example, under Pub. L. 104-316, the Office of Management and Budget **(OMB)** has delegated the authority to render decisions concerning Federal civilian employees' claims for compensation and leave to the Claims Adjudication Unit in the Office of Personnel Management **(OPM)**. OMB has delegated civilian Federal employees' travel claims, transportation claims, relocation allowances, and transportation carriers' requests for a review of audits of their bills to the Board of Contract Appeals, General Services Administration **(GSA)**. Under 31 U.S.C. 3529, the Comptroller General can also render advance decisions on certain claims; or

c. The Chief Financial Officer determines that the circumstances do not

warrant recovery. For example, certification was based on official records, and the official did not know, and by reasonable diligence and inquiry could not have discovered, the correct information.

Few Certifying Officers are in a position to have direct and specific knowledge of each schedule for payment requiring certification. Therefore, the Certifying Office must place considerable reliance and have confidence on a proper **system of internal controls** (see **630.3.4.1, Basic USAID Internal Controls over Payments**) to ensure that payments are proper and that a particular voucher or group of vouchers are legal, proper and correct. Placing reliance on the system of internal controls means that Certifying Officers must rely on the systems, internal controls, and personnel that process payment transactions. As part of the system of internal controls (See **OMB Circular A-123**), USAID should give special emphasis to testing controls over payment processes.

630.3.3.2 Successive Certifications

Effective date: 06/22/2007

Occasionally, there may be two or more Authorized Certifying Officers (**ACO**) responsible for certain payment activity and for the certification of vouchers and supporting schedules. This situation may arise when a regionalized payment center receives supporting payment schedules from a Mission or Post requesting payment action that requires successive **ACO** certification. Successive ACO certification involves certification through the Treasury Secure Payment System (**SPS**) or through a Regional Financial Management Center in order to disburse the funds.

Federal Appropriations Law Principles states that an ACO who certifies the basic voucher is the officer who is responsible for the validity of the payment. The ACO responsible for certification of the basic voucher is responsible for the following:

- Ensuring the legality of the payment in accordance with the appropriation being charged,
- Ensuring the payment is not specifically prohibited under the law,
- Ensuring the payment is proper in accordance with the purpose of the appropriation, and evidenced by documentation that the goods or services have been delivered and accepted, and
- The accuracy of these vouchers.

The successive ACO who certifies the voucher-schedule for payments through the disbursing center is only responsible for errors made in the preparation of the voucher-schedule. When a central or regional payment is requested by an authorized Certifying Office and forwarded to a USAID regional payment center for certification the second ACO is only responsible for any errors made in the preparation of the voucher-schedule

for disbursement. The original ACO that certified the basic vouchers is responsible for the accuracy of the facts of these vouchers in accordance with **31 USC 3528**. Specifically, the rule is that the responsibility of the ACO certifying the basic voucher is not diminished by a successive ACO subsequent action.

31 USC 3528 prescribes the responsibilities of Authorized Certifying Offices and the relief of liability for improper or incorrect payments. When certifying basic vouchers, the payment requestor must observe the general guidelines for payment certification.

630.3.3.3 Statute of Limitations

Effective Date: 06/09/2004

Although the liability of Accountable Officers is considerable, there is a three year statute of limitation on establishing an officer's liability for improper expenditures. Once this three-year period has expired, no charges may be raised against the account, except for losses due to fraud or criminal action on the part of the Accountable Officer. (see **31 U.S.C. 3526(c)(1)**).

630.3.3.4 Certifying Officer's Reliance on Previous Comptroller General Decisions

Effective Date: 10/19/2000

Until they are superseded, previous Comptroller General decisions are still reliable guidance that USAID can follow in the payment certification process.

630.3.4 Internal Controls in the Payment Process

Effective Date: 10/19/2000

630.3.4.1 Basic USAID Internal Controls Over Payments

Effective Date: 10/19/2000

The United States Code (**U.S.C.**) and other legislation require that all Federal agencies ensure the accuracy, propriety, and promptness of payments for goods and services that agencies receive and accept. The law specifically emphasizes the responsibility and authority of Certifying Officers in the payment process, but agencies need other steps to ensure adequate internal control.

Because of the critical nature of the disbursement function, the Government expects paying offices to have in place internal controls over disbursements that are both cost effective and practical. Each paying office's system of internal controls **(both manual and automated)** should be based on the operating needs of that particular location and must conform to the financial policies and accounting standards prescribed in the following policy statement. At a minimum, controls over payments must include the following:

a. Separation of Duties: To the extent practicable, agencies should separate operations to reduce the risk of error, waste, and wrongful acts. For

example, agencies should assign different responsibilities for automated systems to computer operations personnel, software maintenance specialists, and users. The head of the paying office must ensure that disbursing operations are separated from such operations as purchasing, receiving, collections, and accounting. Agencies must periodically review and promptly resolve internal controls procedures covering disbursements.

b. Systems to Avoid Duplicate Payments: Paying offices must establish appropriate procedures to prevent duplicate payments. The authorized paying office must identify vouchers, voucher schedules, and supporting documents during the payment process by an acceptable means that will prevent that office from paying them again. In addition, USAID must design controls in the automated system to detect duplicate payments. The possibility of duplicating payments is greater whenever USAID receives a second invoice or billing statement. This may occur when payment has been delayed for an extended period and the contractor submits a duplicate follow-up invoice, or when a vendor submits bills to more than one paying office location.

c. Systems to Ensure that USAID Received Goods and Services: The completion of an administrative approval form by an employee signifies that the approving official, usually the CTO, executed the approval only upon personal knowledge. This establishes that USAID received and accepted the exact quantity and quality of supplies, materials, or services on behalf of USAID. (See **Administrative Approval Form and Checklist**) The authorized paying office requires an administrative approval for most payments (see **630.3.2.1**) and the **CTO** must attach it to the payment documentation retained in financial management offices to provide evidence of receipt and acceptance. USAID may also accomplish administrative approval electronically.

*630.3.4.2 Improper Payments Act Reporting

Effective Date: 07/13/2010

The Improper Payments Information Act of 2002 (see **Pub.L. 107-300**), requires Executive Branch agencies to review all program activities and identify those which are susceptible to significant erroneous payments. Appendix C to OMB A-123 which places emphasis on internal controls over the payment functions must be used as guidance during the annual review of payment activity to determine USAID's risk of improper payments. Generally, programs not deemed to be at risk must be assessed every three years. Starting with the annual reporting of September 30, 2004, the Act requires agencies to report to the President and Congress, in the annual Performance and Accountability Report **(PAR)**, the status of erroneous payments if they fall outside of the benchmarks described below.

USAID analyzes disallowed costs data from recipient contracted audits to determine erroneous payments. USAID defines significant dollar thresholds for erroneous payments as amounts exceeding **both** 2.5 percent of program payments **and** $10

million. An erroneous payment is not a net balance of over to under payments; rather USAID counts each payment over and under.

USAID must use statistical sampling to produce estimates that are based on the population of payments authorized by the program. USAID uses these estimates to identify the programs susceptible to erroneous payments, as defined above. USAID develops sample models with a 90 percent confidence and 5 percent precision rate (see **Pub.L. 107-300**).

For programs that USAID identifies as potential risks exceeding the benchmarks (i.e. 2.5 percent and $10 million), USAID must develop management remediation action plans to correct the projected erroneous payment balance. USAID must set targets to bring the erroneous payment balances within tolerance limits. Plans must include a timeline with significant and discrete actions to accomplish this task.

*M/CFO/CMP is responsible for analyzing and reporting on erroneous payments and must maintain the documentation in support of the review (See **Performance Procedures for Reviewing Program Activities, Identifying and Reporting Improper Payments**).

The term "**payment**", as used in the context of Pub. L. 107-300 and OMB implementing instructions, includes disbursement of Federal funds and commitments of future payments**,** such as loan commitments originating from loan guarantees.

For purposes of this section, erroneous payments are defined as

a. Payments made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements;

b. Over or under payments**,** including inappropriate denial of payments for goods or services;

c. Payments made to incorrect or ineligible recipients;

d. Payments for ineligible services according to contracted provisions;

e. Duplicate payments;

f. Payments for services not received;

g. Payments made without taking applicable discounts allowed; and

h. Direct or guarantee loan payments not in compliance with law or program regulations.

i. Any payment made by a Federal Contractor, a governmental, or other

organization administering a USAID program or activity, including Federal awards subject to the Single Audit Act of 1996 (Pub. L. 104-156).

Improper payment activity generally falls into the following three basic categories:

1. Prevention – Prevention activities are defined by proactive actions prior to payment;

2. Detection – Detection activities occur subsequent to payment; and

3. Recovery – Recovery or collection activities refer to efforts directed toward recapturing improperly made payments after detection. The U.S. Treasury Offset Program (see ADS-625) is a common debt collection tool used to accomplish this.

In accordance with prohibited practices found in Appendix C to OMB Circular A-123, contracted audit firms are prohibited from requiring production of any records or information by the Agency's contractors. Only duly authorized employees of the Agency can compel the production of information or records from the Agency's contractors, in accordance with applicable contract or grant terms and Agency regulations.

Contracted audit firms may not perform collection activity unless they meet the qualifications of a private collection agency. Generally actual collection activity is carried out by USAID employees. Expenses incurred in connection with the recovery process, whether by a private collection agency or another Federal Agency must be applied against the recovery dollar amount. Net amounts of recovery must be

- Credited to the appropriation from which the original contract or grant was funded, be merged with other amounts in those appropriations, and be available for the purpose and period for which the appropriations are available or;

- If no such appropriation remains available, the funds recovered must be deposited in the U.S. Treasury as a miscellaneous receipt.

The Government Accountability Office surveyed public and private sector organizations and issued a report on the practices to use in measuring and preventing erroneous payments (See **Strategies to Manage Improper Payments: Learning from the Public and Private Sector**).

630.3.4.3 Designated Payment Office

Effective Date: 9/23/2003

When the accounting office that has the obligation record makes the disbursement, we save the administrative expense of using Treasury's **IPAC** system to liquidate the obligation record that the accounting office maintains. (see **NO-AOC, Direct Charge to Agency Location Code through IPAC. [Note: This link is only available to USAID employees])**

When USAID processes a voucher for payment, the Certifying Officer must have complete and current knowledge of all payments involved with the related obligation. Without such records, there is a risk of over disbursing an obligation or making a duplicate payment.

Therefore, only the designated paying office that maintains the complete obligation/payment record can disburse any funds. However, USAID can disburse funds if approval is first obtained from the responsible payment office (office retaining the records). The disbursing payment office must retain documentation to support the approval for their disbursement.

The exception to this rule involves situations where USAID/Washington **(USAID/W)** is the central payment office. In this case, USAID/W allows no other offices to make payments. Letter of Credit **(LOC)** financing is one such example, since the cross servicing agreement with the Department of Health and Human Services **(DHHS)** requires USAID/W to administer the payment function. In this case, USAID/W acts as the payment office for world-wide LOC activity and processes the payment first and then charges the Missions' Agency Location Code **(ALC)**, supplying information concerning the charges to Missions through the **(IPAC)** detail. In the case of emergency payments, USAID must notify the responsible office immediately that a disbursement has been made. Phoenix deployment world-wide will eliminate the need for intra-agency charges through IPAC or AOCs.

630.3.4.4 Certifying and Transmitting Schedules

Effective Date: 12/08/2006

The U.S. Treasury has replaced the Electronic Certification System **(ECS**) with a Secured Payment System (**SPS**) for certifying and transmitting payment schedules in Washington for world wide payments. However, the Department of State **(DOS)** cashiers at overseas locations currently continue to use the Electronic Certification System **(ECS)** for reporting and transmitting cash collections to the U.S. Disbursing Office **(USDO)**. In the future, the **SPS** will be required to accommodate the posting of cash collections at overseas cashier operations for the **USDO**. Both of these systems reduce vulnerabilities in the transaction processing and yield a number of benefits, including quick, reliable payments. Both systems are particularly well-suited for making **EFT** payments to the U.S. bank accounts of vendors and employees without incurring any banking charges and posting cash collection transactions to the **USDO.**

The Treasury **SPS** is a Web-based system that provides the facilities with the U.S. Treasury for generating and certifying a voucher schedule electronically and communicating it to a Treasury U.S. Disbursing Office **(USDO)**. In this system, a Data Entry Officer (DEO) enters all voucher or schedule summary data from a computer keyboard or diskette created by another computer system. Certifying Officers certify voucher schedules.

630.3.4.5 Payment Records
Effective Date: 10/19/2000

In addition to the sequential schedule/voucher files that USAID maintains by fiscal year, paying offices must maintain individual contract obligation/payment records in sufficient detail so that the authorized payment office can readily determine the financial status of each contract. The payment office uses this in determining whether it should approve payment of a given invoice.

630.3.4.6 Payment Voucher Tracking
Effective Date: 01/17/2002

Voucher tracking systems are in place in both **USAID/W** and the field and they are designed with adequate internal controls to facilitate the timely payment of invoices and take appropriate discounts in accordance with the Prompt Payment Act. USAID requires vendors, by the terms of their agreement with USAID, to send their vouchers directly to the paying office or another office that the paying office designates in writing. The paying office must date stamp the voucher when received, assign a control number, log the voucher into a voucher tracking system, and send it out for administrative approval. Paying offices must review the voucher inventory on a daily basis and ensure that they schedule payments in a timely fashion.

630.3.4.7 Payments Not Made on Time
Effective Date: 06/09/2004

When USAID takes discounts after the expiration of the discount period or the paying office fails to make timely payments, USAID will pay interest penalties automatically in accordance with the Prompt Payment Act. The Federal Government does not require interest penalties on host country contracting or contract financing payments, which include advance payments, progress payments based on cost, and progress payments based on a percentage or stage of completion (other than those under fixed-price construction contracts or fixed-price architect-engineer contracts). Interim payments under cost reimbursement contracts and final payments on contracts are subject to interest penalties; however, the 30 day period for prompt pay acceptance does not start until amounts are determined by M/OAA, at contract settlement for final vouchers. Contract financing payments do not include lease and rental payments, and these payments are also subject to interest penalties. (see **FAR 32.902** and **31 U.S.C. 39, Prompt Pay Act**)

630.3.5 False, Fictitious, or Fraudulent Claims
Effective Date: 10/19/2000

630.3.5.1 Guidelines for Determining Fraud
Effective Date: 10/19/2000

The facts in each individual case determine the existence of fraud or misrepresentation. The payee's responsibility is to complete a claim accurately in order to ensure proper

payment. However, one must not assume that the voucher is fraudulent simply because the contractor did not prepare it according to the regulations.

Contractors make many innocent mistakes in the completion of claims, and not every inaccuracy on a voucher should be equated with intent to defraud the government. Where discrepancies are minor, small in total dollar amounts, or infrequent, a suggestion of fraud normally would not be warranted. However, the CTO must discuss such errors with the payee and correct them.

Where discrepancies are glaring, involve large sums of money, or are frequently made, an allegation of fraud can more readily be made, if a satisfactory explanation from the claimant is lacking.

When there is reason to suspect that a voucher presented for payment contains fraudulent information, the Certifying Officer must refer the matter to the Office of the Inspector General, Assistant Inspector General for Investigations (**OIG/AIG/I**). This requirement applies regardless of the dollar value of the suspected fraud. Unless otherwise directed by the investigating office, the Certifying Officer must retain the claim and all supporting documentation. Primary responsibility for the determination of fraud rests with the OIG/AIG/I, in cooperation with the Department of Justice (**DOJ**).

In general, a claim that is tainted with fraud is forfeited. The Certifying Officer, in conjunction with the **RLA** or Assistant General Counsel (**AGC**), must determine if such a claim can be partially disallowed or wholly disallowed. In cases where referrals have been made to the DOJ by OIG, no payments can be made unless approved by the DOJ.

630.3.6 Methods of Payment

Effective Date: 06/09/2004

USAID has two payment methods. Common USAID payment mechanisms are

- Direct payment, and
- Intra-Governmental Payment and Collection (**IPAC**)

ADS 636, Program Funded Advances and Methods of Finance (see **ADS 636**), discusses payments made as advances, such as

1. Letter of Credit,
2. Direct and Special Letter of Commitment, and
3. Bank Letter of commitment.

a. Direct Payment: USAID reimburses the recipient/contractor or host country for eligible expenditures that the recipient/contractor incurs and pays. USAID may use this method of payment with any USAID grant or contract.

b. **IPAC:** The **IPAC** method of transferring funds between Federal agencies is a component of the U.S. Treasury Government On-line Link Service (GOALS), and is used primarily for funds transfer between Federal agencies. USAID accomplishes payment and collection activity for interagency 632(b) reimbursable agreements between agencies using IPAC for both payment and collection activity. USAID also uses the IPAC system as a method of funds transfer between USAID Missions and USAID/W.

630.3.7 Letters of Credit

Effective Date: 06/09/2004

A Letter of Credit is a method of financing an activity that a Contract or Agreement Officer negotiates and authorizes. **ADS 636, Program Funding Methods and Advance Mechanisms,** provides guidance for the use of program-funded advances, including the Letter of Credit financing mechanism.

630.3.8 Intra-governmental Payment and Collection (IPAC)

Effective Date: 06/09/2004

All Federal agencies use the **IPAC** system to process transactions, including transfers, collections and adjustments. Internal agency paying offices process transactions against obligating offices, and other Federal agencies, which include the following:

- Payment and Collection Activity for FAA Section 632(b) Reimbursable Interagency Agreements and miscellaneous obligation payments.
- Same Day Wire Transfers for Cash Transfer Programs.
- Reimbursable Collections for Washington Based Payments.
- Debt Collection for U.S. Treasury Offset Program (**TOPS**).
- Treasury Receivable Accounting and Collection System (**TRACS**).
- Retirement and Insurance Transfer System **(RITS)**.

The Federal Government implemented the IPAC system under the U.S. Treasury Government online Link System **(GOALS II)** project. The IPAC application's primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies **(FPAs)**. The Government Wide Accounting **(GWA)** project for IPAC is in support of:

a. The overall Financial Management Services (FMS) GWA Project,

b. Intra-governmental Transaction Elimination Efforts, and

c. OMB's Intra-governmental Transaction Portal (IGTP). IPAC facilitates the intra-governmental transfer of funds, with descriptive data from one FPA to another and the Government uses it exclusively to move funds from one Federal Agency Location Code (ALC) to another. (see **IPAC Application Users Manual**)

Historical transaction data for IPAC is available for up to 15 months. The Government assigns unique ALCs to each Federal agency, and some Federal agencies may be assigned multiple ALCs for individual agency disbursing offices or regional locations. USAID has assigned approximately 40 unique ALCs for USAID/W and each regional overseas accounting station. The system operates in real-time and confirmation of transactions is immediate. Transactions may be downloaded daily, weekly, or as the Agency deems necessary for posting and control purposes.

Transfer of funds must be in support of an authorized billing document and collection of funds must be in support of proper authorization. Some agencies may require a special Trading Partnership Agreement prior to conducting business using the IPAC/GOALS transfer system.

Unlike cash payments issued through the Treasury **SPS** where the payments take place after receipt of billings, receiving and inspection reports, and administrative approval by CTOs, IPAC transfers occur beforehand. The transfers have already been accomplished at the point they are received in **M/CFO/CMP**. IPAC dollar transfers take place simultaneously with the posting of the IPAC transaction in GOALS and billing documentation is subsequently provided to the paying ALC. Charges unauthorized or disallowed by CTOs must be charged back to the originating ALC under those circumstances. Prior to charge back action, paying offices must obtain clearance from the original billing office.

All Federal agencies that use a U.S. Treasury Disbursing Office (USDO) qualify for IPAC.

The system posts transfers for billings and collections against Federal agencies' ALCs prior to the actual receipt of billing and payment documentation. For cash disbursing and reporting purposes, transactions are posted first to the USAID Budget Clearing Account (Suspense), and cleared with the accounting event that records the transaction against the obligation in the accounting system. **M/CFO/CAR** and Mission Controller offices must reconcile unrecorded Phoenix transactions with the USAID Budget Clearing Suspense Account (Suspense). USAID must keep Budget Clearing Suspense Account balances to an absolute minimum to ensure accurate charging of the obligations and to assist CTOs with the financial project status and accrual analyses.

In support of GWA, FMS closely monitors intergovernmental transactions in order to eliminate the intergovernmental account out of balance conditions within the central Treasury accounts. Treasury **(FMS)** federal policy guidelines require agencies to submit transactions compliant with certain data elements designed to reconcile inter-

governmental transactions with the U.S. Treasury central account records. (see **Federal Intergovernmental Transactions Accounting Policies Guide)**

Misreported or un-reported IPAC transactions between reciprocal agencies causes the Treasury central account to become out of balance. Receivable transactions reported by one agency that do not get reported as a payable transaction by the paying agency cause an overall out of balance condition to the central account structure within FMS. Phase I of the GWA project requires all transactions entering the IPAC/GOALS System to contain the following:

- The sender's Treasury account symbol;
- The sender's Standard General Ledger account information.

630.3.9 Reimbursable Collections for Washington Based Payments

Effective Date: 06/09/2004

630.3.9.1 Same Day Wire – For Cash Transfer Programs

Effective Date: 06/09/2004

Cash transfer authorizations in the form of official State Department cables from overseas Missions are received in M/CFO/CMP. They are accepted and processed against correspondent U.S. Federal Reserve banks, with instructions to remit to the correspondent bank overseas in favor of the benefiting country. USAID bases payments on receipt of the authorizing cable for cash transfer payments. Requirements for large disbursements must follow the advance notification procedures (see **630.3.10.16**).

IPAC collections from the authorizing Missions must be accomplished and confirmed to fund the USAID/W fund account prior to payment authorization for the same day wire transfer.

630.3.9.2 Grants, Cooperative Agreements and Interagency 632(b) Reimbursable Agreements

Effective Date: 12/08/2006

Through a cross-servicing arrangement, the Government has designated the Department of Health and Human Services (DHHS) as the paying agent for agency-wide Letter of Credit **(LOC)** operations using the LOC method of financing. USAID reimburses DHHS from the USAID/W central accounts. The system provides summaries of bi-monthly payment statistics downloaded from the DHHS database that are Mission funded. LOC charges are charged against Mission fund citations and accounting stations worldwide via Phoenix.

Mission-funded 632(b) agreements:

When USAID/W acts as the designated disbursing office for Mission funded charges, those payments are charged against Mission obligations in Phoenix by M/CFO/CMP. Charges must be approved by the Mission. Copies of the bills are e-mailed to the Mission.

When Mission(s) act as the designated disbursing office for Washington funded charges, those payments are charged against Washington obligations in Phoenix by the Mission after approval from USAID/W. Copies of the bills e-mailed to USAID/W.

630.3.9.3 Travel Expenses

Effective Date: 12/08/2006

Air carrier charges that USAID/W pays but originated under Mission-funded travel authorizations are similarly reimbursed to USAID/W. This reimbursement occurs via Phoenix to the funding mission.

630.3.9.4 International Cooperative Administrative Support Services (ICASS)

Effective Date: 06/09/2004

The Department of State (**DOS**) is the lead ICASS service provider for organizations located overseas, including USAID. Other organizations, including USAID, may on occasion act as ICASS service providers. ICASS provides many services, which include common administrative functions such as motor pool and Community Liaison Officer functions. All USAID Missions and diplomatic and consular posts must subscribe to the basic ICASS package and sign a Memorandum of Understanding (**MOU**) with the ICASS service provider. Independent Offices and Bureaus in consultation with M/PPC develops the level of service and the estimated ICASS support services at the beginning of each fiscal year for Washington and each Mission and makes adjustments at mid-year to reflect actual participation levels. The Department of State bills M/CFO/CMP via IPAC twice each year for the ICASS services estimate and the mid-year adjustment or final balance(s) due. (Visit this Web site for more information: **www.icass.gov**)

M/CFO/CMP is the central payment office for USAID ICASS services world-wide. Reimbursable ICASS costs paid in Washington are posted to the Suspense account and cleared from Suspense after reimbursable IPACs are issued to claim Mission reimbursement.

When USAID acts as the ICASS service provider, the Bureau for Policy and Program Coordination, Office of Resource Allocation **(PPC/RA)** requests **M/CFO/CMP** to **IPAC** other federal agencies that are the recipients of USAID ICASS services. USAID has authorization to operate a Working Capital Fund (**WCF**). The WCF is the accounting convention used to recover costs associated with ICASS services provided to other agencies. Receipts to the WCF must be apportioned and allotted by **PPC/RA** and **M/CFO/CAR**. (see **ADS 635**)

630.3.10 Voucher Examination and Payments
Effective Date: 06/09/2004

630.3.10.1 Claims, Vouchers, and Invoices
Effective Date: 10/19/2000

The term “claim” covers any request for payment. The term “voucher” encompasses both commercial vendor invoices and other approved Government forms prepared by or for the creditor requesting payment for services, supplies, equipment, transportation, or any other transaction that obligates USAID and ultimately results in an expenditure. This chapter uses the terms “claim”, “voucher”, and “invoice” interchangeably to describe the document(s) that request payment.

630.3.10.2 Voucher Examiner Responsibilities
Effective Date: 01/17/2002

Voucher examiners are responsible for the proper review and processing of vouchers that contractors submit to USAID. The review must include the following:

a. Determining that a valid obligation exists;

b. Ascertaining that the appropriate USAID approvals and authorizations (**including a receiving report if required**) and the documentation required by the obligating document adequately support the voucher;

c. Verifying the name, address, and tax identification number (**TIN**) of the payee;

d. Checking the mathematical accuracy of the vendor's invoice;

e. Observing established internal controls designed to prevent any improper or duplicate payment;

f. Making certain that the disbursement is in accordance with laws and regulations; and

g. Determining the payment due date and computing late payment interest, if required, in accordance with prompt payment guidelines.

If, after review, the voucher examiner concludes that the voucher is not proper, USAID returns the voucher to the payee with an explanation of why it is being rejected.

630.3.10.3 Invoice Requirements
Effective Date: 01/17/2002

USAID will base payments on original documentation and certifications (see section **630.3.10.6** for the acceptability of electronic invoices and faxes) as specified in the obligating document. If USAID or the contractor loses or destroys the original document, the certifying official must attach to the payment copy an explanation of the circumstances involved. The contractor must present carrier bills for transportation and related services, such as loading or storage, on a properly certified **SF-1113, Public Voucher for Transportation Charges**. Except for carrier invoices, the form of the invoice used by a vendor is not material and does not require a **SF-1034, Public Voucher for Purchases and Services Other than Personal**, unless required under the contract or grant.

630.3.10.4 Invoices for Recurring Services
Effective Date: 01/17/2002

USAID may make payments for recurring services, such as rent, which are performed under agency-vendor agreements for payments of definite amounts at fixed periodic intervals, without the submission of a vendor invoice. The organization unit responsible for the contract must prepare a basic **SF-1034, Public Voucher for Purchases and Services Other Than Personal**, which must show, at a minimum, the contract number, the payee's name, the period covered by the payment, and the appropriation to be charged. USAID will certify for payment the basic voucher for recurring payments like all other vouchers. Paying offices must ensure that USAID makes recurrent payments for unexpired contracts or agreements for the correct amounts. Internal controls must also ensure that recurring payments comply with the Prompt Payment Act and are not duplicate payments. (see **630.3.4.2**)

630.3.10.5 Commercial Invoice Requirements and Payee's Certification
Effective Date: 01/17/2002

USAID requires a certification by the payee as to correctness and nonpayment of the invoice amount only in the case of vouchers submitted by U.S. banks for reimbursement under a Letter of Commitment or Special Letter of Credit, and vouchers submitted by carriers and other corporations, agencies, or persons furnishing transportation or transportation-related services. The elimination of the requirement for execution of the payee's certification of the correctness and nonpayment of the billed amount from most invoices that the contractor submits for payment does not dispense with the requirement for the certification of specific facts required by certain contracts.

630.3.10.6 Electronic Invoices
Effective Date: 06/09/2004

USAID allows and encourages the use of electronic invoices and any media, including fax, as long as adequate safeguards and controls ensure the integrity of the data and prevent duplicate payments (see **630.3.4.1b**). Paying offices must not allow the

alteration of banking information by fax unless they confirm the change independently with the vendor. Do not use the underline feature in any format since some characters may become indistinguishable.

630.3.10.7 Voucher Examiner's Responsibilities for Non-Employee Compensation Payments

Effective Date: 01/17/2002

The Internal Revenue Service requires that **M/CFO/CMP** give **Form 1099-MISC, Miscellaneous Income**, to each individual, partnership, or unincorporated commercial vendor to which the Agency has paid **at least $600** in fees, commissions, or any other form of compensation in a calendar year. USAID payments to a corporation for services are reported in box 7 on Form 1099-MISC. This requirement applies to any recipient, in the United States or overseas, whom is subject to U.S. tax laws.

The reporting on Form 1099-MISC excludes the following:

a. Any recipient whose compensation has been reported on Form W-2, Wage and Tax Statement,

b. Payments to corporations in general, and

c. Payments to a tax-exempt organization. For detailed guidance on which payments should be reported, download a copy of the **Instructions for Form 1099-MISC** from the IRS Web site, **www.irs.gov**.

The USAID/W office or the Mission that makes payment to the recipient must prepare a Form 1099-MISC for each recipient by January 31 of the following year.

630.3.10.8 Voucher Examiner Responsibility for No-Pay Vouchers

Effective Date: 01/17/2002

No-pay vouchers are vouchers that do not require a payment to be made. Generally, no-pay vouchers record the liquidation of an advance against an obligation. No-pay vouchers are scheduled just as other vouchers. Such vouchers are assigned numbers and must include all necessary accounting classification data. A travel voucher where the payee's expenses are offset by a liquidating entry to the travel advance account is an example of a no-pay voucher.

630.3.10.9 Accelerated Payment Methods

Effective Date: 10/19/2000

The Federal government has expanded accelerated payments to include "**Fast Pay**," payments for invoices under $2,500, payments to small or disadvantaged businesses, and payments related to emergencies and disasters. USAID may make accelerated payments to any small business if the Bureau or Mission Director determines that such early payments are necessary.

630.3.10.10 Fast Pay
Effective Date: 10/19/2000

Under normal payment procedures, USAID must not make payments on invoices prior to receipt and acceptance of the related goods and services. In limited situations under **FAR Part 13.4**, USAID may make payment without evidence that USAID received supplies. Instead, USAID may use a contractor certification that supplies have been shipped as the basis for authorizing payment. USAID may make the payment within 15 days after the date of receipt of the invoice.

This payment procedure is limited to suppliers who have had and continue to have a good ongoing business relationship with the Agency and may be used only when all of the following conditions are present:

a. Individual orders do not exceed $25,000 **(except where the CFO permits a higher amount on a case-by-case basis)**;

b. Deliveries of supplies are to occur where there is both a geographical separation and a lack of adequate communications facilities between Government receiving and disbursing activities, making it impracticable to make timely payments based on evidence of Federal acceptance;

c. Title to supplies will vest in the Government upon delivery to a post office or common carrier for mailing or shipment to destination or upon receipt by the Government if the shipment is by means other than the Postal Service or a common carrier; and

d. The contractor agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to purchase requirements.

USAID must promptly inspect and accept supplies acquired under these procedures and must ensure that receiving reports and payment documents are matched and steps are taken to correct discrepancies. In addition, USAID must ensure that specific internal controls are in place to ensure that USAID received supplies it paid for (see **630.3.4.1**).

630.3.10.11 Late Payment Interest Penalties
Effective Date: 06/09/2004

Paying offices must review invoices and return improper invoices as soon as possible, but no later than seven days after receipt of an improper invoice. The payment period begins after receiving a proper invoice, and USAID has up to 30 days from this date to make payment before late interest penalties accrue. If the paying office does not realize that the vendor supplied incorrect EFT information until payment is rejected, the paying office will have up to seven days after receiving correct EFT information to make payment. (See **5 CFR 1315**; Prompt Payment Act information can be found on Treasury's Financial Management Services web site (http://www.fms.treas.gov/)).

If the paying office fails to return the improper invoice to the vendor within seven days of receiving the invoice, the number of days allowed for payment of a corrected invoice is reduced by the number of days between the seventh day and the day the improper invoice is sent to the vendor. For example, if the paying office receives an invoice on November 1 but does not return it as improper to the vendor until November 13, five days after required, and the paying office receives a corrected invoice on November 20, the payment due date is December 14, or five days earlier, if the payment was due 30 days after receipt of a proper invoice.

Late interest penalties do not apply if the vendor has failed to supply EFT information or a Taxpayer Identification Number (**TIN**).

630.3.10.12 Interest Charges for Late Payment of Travel Claims

Effective Date: 10/19/1998

Federal Travel Regulations codified under **41 CFR 301-52.17 - 23**, as authorized under the Travel and Transportation Reform Act of 1998 (Pub.L.105-264), require that USAID make interest payments along with the travel claim amount due for any late payment of employee travel claim reimbursement. Payments are considered late if made after 30 calendar days from receipt of a proper travel claim voucher.

Late payment fees are calculated by using the prevailing Prompt Payment Act interest rate beginning on the 31st day after submission of a proper travel claim and ending on the date on which payment is made.

In addition to the payment of interest, USAID must also pay an amount equivalent to any late payment charge that would have been imposed by the travel card issuer had the traveler not paid the bill. Late payment fees will only be made that exceed the equivalent of one dollar or greater.

> **NOTE: Prompt Payment provisions apply to travel vouchers in accordance with the Travel and Transportation Reform Act of 1998 as amended, as implemented through the Federal Travel Regulations. The interest computations, notification period, payment period and minimal exclusion on interest payment (under $1.00) are the same under both laws. In addition, the traveler must be reimbursed for any fees the Government Travel Card contractor may charge for late payment when the Government's payment to the traveler is late.**

630.3.10.13 Late Payment Rates for Utility Services Established by Foreign Governments

Effective Date: 10/19/2000

Locally applicable late payment rates established by foreign governments, in addition to state and local governments, take precedence over the Prompt Pay rate.

630.3.10.14 Credit Card Payment Dates
Effective Date: 01/17/2002

The Prompt Payment rule provides guidance to Federal agencies on when to make payments for the Government-wide commercial purchase card. The rule instructs agencies to determine credit card payment dates based on an analysis of the total costs and benefits to the Federal Government as a whole. When calculating cost and benefits, agencies are expected to include the cost to the Government of paying early, which includes the interest the Government would have earned at the Current Value of Funds rate.

630.3.10.15 Invoicing Mission-Funded Airfare Through SATO in Washington
Effective Date: 12/08/2006

Charges incurred through Carlson-Wagonlit as a result of Mission funded travel authorizations for carrier cost are billed through Carlson-Wagonlit Washington and charged to the Government Corporate travel card. These charges incurred through Carlson-Wagonlit must be charged directly against the individual Mission Corporate travel card account that funds the travel authorization.

Charging Mission-funded travel costs directly against the mission corporate account streamlines the payment process, reconciliation, and recording of obligations for the Agency. Travel Authorizations **(TA)** must be annotated to specify the credit card to which the airfare will be charged. For example: "Carlson-Wagonlit, please charge Zimbabwe's centrally billed travel card for the airfare and associated fees."

Carlson-Wagonlit Travel must charge the appropriate Mission centrally-billed travel card for both the airfare and Carlson-Wagonlit processing fee. Carlson-Wagonlit Travel must send an electronic copy of the invoice and itinerary to the traveler, the Executive Offices, and the Controller. Carlson-Wagonlit Travel must include the TA number on the invoice. **M/CFO/FPS** will provide Carlson-Wagonlit Travel with a table that lists the credit cards and contacts for each Mission.

Each Mission is responsible for downloading its credit card statement from Citibank's web site and paying the bill in a timely manner in accordance with the Prompt Payment Act standards. The credit card statement must provide sufficient information for the Mission to identify the obligation. This information includes the ticket number, the traveler's name, the travel itinerary (airport codes), airlines, date of departure, and amount.

For travel funded by more than one Mission, the **(TA)** must identify the one Mission that will be billed the entire airfare. Carlson-Wagonlit Travel can only bill one credit card for each traveler. The billed Mission will in turn charge against the other mission obligation or otherwise account for the transaction.

NOTE: All Missions are required to possess a Corporate Travel Card unless they have been granted a waiver. The Corporate Travel Card is different from the

Individual Government Travel Card. Contact the Travel Card Coordinator in M/CFO/FPS to obtain a Corporate Travel Card. Send waiver requests for not using the Corporate Travel Card to the Deputy Chief Financial Officer (DCFO) for Overseas Operations. All waiver requests must be fully justified. Due to the overall benefit of the program to the Agency, the lack of Mission use of the Corporate Travel Card in the host country is not considered adequate justification for granting a waiver.

630.3.10.16 Special Approval Required for Extremely Large Disbursements

Effective Date: 10/19/2000

USAID must report disbursements totaling $50 million or more in advance of the transaction settlement date to the Treasury Department, Financial Management Service (**FMS**). FMS requires a minimum of three days notice for these disbursements. **Disbursements of $500 million require five days advance notice.** M/FM/CMP must make formal arrangements with FMS for handling disbursements that are being made without advance notification to ensure that USAID provides the necessary forecasting information to Treasury. (See **Treasury Financial Manual, Volume 1, Part 6, Chapter 8500, Section 8535: Cash Forecasting Requirements**)

630.3.10.17 Voucher Examiner's Requirement to Document Amounts Suspended From a Vendor's Voucher

Effective Date: 01/17/2002

If the voucher examiner **(VE)** identifies any improper claims when reviewing the voucher (see **630.3.10**), USAID must suspend the amounts for those improper claims, and the **VE** drafts a letter for the CTO to notify the payee of the amount and the reason for the suspension. **VEs** may pay over-claim amounts of $1.00 or less. If USAID earns a deduction as a result of a time-payment discount, the **VE** documents the deduction appropriately on the accounting records and on the payee's copy of the voucher, showing the discount rate and the amount deducted. When the payee uses a government form in presenting a claim, the deduction is noted in the "Difference" block. USAID approves the voucher for payment in the net amount due.

The VE makes any minor deductions if the review identifies mathematical errors of amounts claimed, includes an explanation on the voucher to identify the errors, and adjusts the amount to be paid accordingly.

If the CTO suspended any improper claims when reviewing the voucher before providing administrative approval, the **VE** shows the reduction on the voucher and schedules the approved amount.

When processing payments of vouchers reclaiming amounts that USAID previously suspended, the VE must verify that the claimant cross-referenced the reclaim voucher to the initial payment voucher or notice of suspension by either enclosing a copy of the suspension letter or citing the voucher number, schedule number, and date of the initial payment voucher.

630.3.10.18 Adjustments for Underclaims by Voucher Examiners
Effective Date: 01/17/2002

During the examination of payment documents, VEs may discover variances between the amount that the payee claimed and the proper amount determined by the voucher examiner to be payable.

a. If these variances are under-claims **not exceeding $100** and result from extension or computation errors or use of the wrong rate, USAID may make an upward adjustment not to exceed $100 in making the payment. USAID may make these administrative adjustments without amendment of the claim by the payee when it is clear on the face of the payment documents that the adjustment is appropriate.

b. If the under-claim is **more than $100**, USAID should pay the voucher as claimed and inform the vendor that the claim must be re-examined by the claimant with a request to submit a supplemental claim, if appropriate.

630.3.10.19 Payment Vouchers for Obligations Containing Multiple Fund Citations
Effective Date: 01/17/2002

When USAID funds a contract, grant, cooperative agreement, or other obligating document by more than one fund citation and the contractor or recipient is not required to identify which fund citation(s) to charge each claim, and, absent any information the approving officer may have regarding the fund citation to be charged, the paying office must liquidate the fund citations using the oldest with an undisbursed balance first, then the second oldest, and so forth until the obligation is fully disbursed. This policy applies even if the various fund citations are from different appropriation accounts. This policy also applies to the recording of periodic accrual estimates.(see **ADS 631**)

630.3.10.20 Administrative Offset for Indebted Claimants
Effective Date: 10/19/2000

When a claim is submitted by an indebted payee, the amount of the debt can be offset against the amount otherwise properly due and payable. The claimant must be appropriately advised of the action taken. The indebtedness record must be adjusted to show the amount collected by offset, clearly identified by the schedule number, date, and amount.

630.3.11 Sampling of Invoices
Effective Date: 10/19/2000

630.3.11.1 Use of Statistical Sampling
Effective Date: 10/19/2000

Statistical sampling is a means of reducing the cost of unproductive voucher examinations and must be supported by an appropriate comparison of the cost to carry out the sampling procedure to the benefits resulting from voucher examination. A USAID payment office may use statistical sampling when examining payments in amounts of $2,500 or less when it has been demonstrated that economies will be achieved and a valid statistical sampling plan is used. The USAID payment office performing the statistical sampling must

a. Define the appropriate universe of invoices in quantitative terms to be examined by statistical sampling, including the time period for the sample. Usually this will be a determination to sample certain categories and dollar ranges based on an analysis.

b. Choose appropriate sampling methods and sample size needed to meet the audit objective. The procedure must involve a random stratified selection of sample items from the vouchers being processed for payment. There must be the opportunity for any invoice not subject to normal voucher examination to be selected in the sample.

c. Analyze the results of the sample using the appropriate statistical procedure and determine if USAID needs to make any changes to the sampling plan or whether to examine the entire universe.

d. Report the results to the CFO with the appropriate interpretation. Savings will be achieved if the combined costs of examining the sample and projected losses due to undetected errors on invoices are less than the administrative cost of examining all invoices.

Vouchers exceeding $2,500 are subject to a 100 percent voucher examination audit.

The CFO approves all statistical sampling proposals for USAID.

The paying office must maintain records of all aspects of its sampling program, including the specific sampling procedures, the statistical formulas or tables used, and the resulting calculations. The paying office must also maintain records of the actual application of the sampling plan. Such records ordinarily consist of the following:

a. Work sheets showing items selected for examination;

b. Errors discovered;

c. Total number and amount of vouchers in the universe;

d. Projected error, including possible range of error in the universe; and

e. Information on whether the results were acceptable.

630.3.12 Extraordinary Payments
Effective Date: 10/09/2008

Extraordinary payments are authorized, in certain limited circumstances, for purposes such as a payment of claims arising out of actions of employees overseas or relief for overseas employees to mitigate unusual hardships. Section 636(b) of the Foreign Assistance Act (FAA) of 1961, as amended, authorizes such payments for

> expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

Payments made pursuant to FAA 636(b) are authorized when the following four conditions are met:

- The expenditure arises or occurs outside the United States;
- The expenditure is necessary to accomplish the purposes of the FAA;
- The expenditure is for payment other than compensation to USG personnel; and
- Moral or equitable considerations demand the expenditure.

The CFO is delegated by the Assistant Administrator for Management (AA/M) the authority to authorize expenditures under FAA 636(b) (see **ADS 103.3.10.2.a**). Requests for authorization of FAA 636(b) expenditures are analyzed on an individual basis and must be conveyed via a written action memorandum to the CFO stating the facts of the circumstance and how the four conditions stated above are met. The CFO must consult with GC, HR, and any other relevant offices, and GC or the RLA must clear the request.

630.3.13 Use of Funds for Confidential Purposes
Effective Date: 01/17/2002

630.3.13.1 Authorization for Using Funds for Confidential Purposes
Effective Date: 10/19/2000

Section 636(a)(8) of the Foreign Assistance Act of 1961, as amended, authorizes the use of appropriated funds for expenditures of a confidential character other than entertainment, provided that the Administrator or the Inspector General, or their

designees issue a certificate for the amount of each such expenditure. USAID deems every such certificate a sufficient voucher for the amount it specifies. The Office of the Inspector General **(OIG)** has issued detailed directives on the procedures for obtaining and using confidential funds. The guiding principle for the expenditure of confidential funds is the necessity to conceal the identity of the persons involved or the nature of the expenditure of the funds.

630.3.13.2 Approval of Expenditures for Confidential Purposes
Effective Date: 10/19/2000

OIG has issued policy directives that govern the requesting and approval processes for confidential funds for investigative operations. The Administrator or Deputy Administrator approves the use of USAID funds for confidential purposes.

630.3.13.3 Cash Advances for Special Agents in the Field
Effective Date: 10/19/2000

Ordinarily, cash advances of confidential funds are obtained from the Controller of the USAID Mission responsible for the field office's fiscal affairs. However, if circumstances dictate, the funds may be obtained from the USAID Controller in the country where the funds are to be expended.

The Special Agent in Charge requests cash advances by sending a memo to the USAID Controller. The request cites the appropriate funding information that the OIG provides. The Special Agent requesting the funds signs a receipt for the advance.

630.3.13.4 Accounting for Confidential Funds
Effective Date: 01/17/2002

Upon completion of the approved funds expenditure, an SF-1034, Public Voucher for Purchases and Services Other than Personal, is prepared for the total amount of the expenditure. SF-1034 vouchers covering payments that are for confidential purposes may not contain information that requires a security classification.

For expenditures covered by an advance given in the field, the SF-1034 is submitted to the Controller from whom the advance of funds was obtained. The Special Agent returns any residual from the advance to the Controller and obtains a receipt for this transaction. Supporting documentation, as prescribed by IG policy directives, is forwarded to the OIG.

Do not attach receipts to the SF-1034. Instead, put one of the following statements on the first page of the SF-1034:

> **"CONFIDENTIAL EXPENDITURE IN CONNECTION WITH AN OFFICIAL INVESTIGATION."**

or

"THE DOCUMENTS NECESSARY TO SUPPORT THIS VOUCHER HAVE BEEN RETAINED IN THE OFFICIAL FILES WITH OTHER CLASSIFIED MATERIAL."

630.3.14 Refreshments, Meals, Receptions, and Similar Events Funded by USAID

Effective Date: 01/17/2002

ADS 610, Use of Entertainment Account, Representation Allowances, and Program and Operating Expense Funds for Entertainment, provides the policy on refreshments, meals, receptions, and similar events funded by USAID, including the use of program and operating expense funds for these expenses. (See **ADS 610**)

630.3.14.1 Payments for Entertainment, Refreshments, Receptions, and Similar Events Funded By USAID

Effective Date: 01/17/2002

The requesting official is responsible for obtaining all the required approvals and for making all the arrangements for the official entertainment event. In no case will the amount authorized and obligated be exceeded. Any cost in excess of the authorized amount will be the responsibility of the requesting official. The requesting official will normally submit the claim for an event using the SF-1034.

Generally, payment for all official entertainment expenses in USAID/W is made using the IMPAC VISA card account designated for that purpose. If a cash advance is necessary, obtain the advance from the small imprest fund held by the Administrator's Office.

Payment for events at overseas Missions is made in accordance with the normal payment processes available to the Mission, including advances from the Mission cashier.

630.3.15 Department of State (DOS) Cashier Vouchers

Effective Date: 06/09/2004

In small Missions, USAID does not have a cashier as part of the regular staff. DOS cashiers will pay for small payments under an ICASS arrangement. Cashier payments are normally limited to amounts less than $500 for one transaction except in emergency situations, when the limit is up to $3,000.

31 U.S.C. 208.4 authorizes the U.S. Disbursing Officer (**USDO**) to maintain higher transaction limits, as authorized by the USAID **CFO**, which are disbursed by **DOS** cashiers on behalf of USAID under certain waiver conditions at certain posts that have limited banking facilities (See **31 CFR 208.4**). The U.S Treasury has issued Policy Directives clarifying 31 U.S.C 208 (See **Imprest Fund Policy Statement**). The **CFO** reviews waivers on a case by case basis. Higher limits are not permanent and the **CFO**

must review them every 90 days to ensure that the higher limits are still warranted and that circumstances have not changed.

The U.S. Government is shifting away from cash payments to the maximum extent possible. Missions must comply with the operating requirements of the Embassy and the USDO.

The fund replenishment voucher, **Form OF-1129, Cashier Reimbursement Voucher and/or Accountability Report**, for payments made by Embassy cashiers must be forwarded to USAID certifying officers for review and certification. (Contact the Department of State for a copy of Form OF-1129.) Since the DOS cashier cannot receive reimbursement for these payments without the USAID certification, all such cashier vouchers must be handled on a priority basis and reviewed, certified, and returned to the Embassy within one week. (see **4 FAH-3 H-452**)

630.3.16 Medical Expenses
Effective Date: 12/08/2006

630.3.16.1 Shared Medical Expenses Payments
Effective Date: 12/08/2006

Shared medical expenses, such as services provided by post health units, are charged initially to the funds of the DOS. The Department of State (DOS) bills USAID for its share of these expenses in accordance with the established ICASS support agreement. (see **16 FAM, Medical Program**)

630.3.16.2 Eligible Employees Medical Expenses
Effective Date: 12/08/2006

Authorized medical services include immunizations, examinations, hospitalization, family advocacy counseling and related treatment, medical travel, and travel of medical attendants. All non-Foreign Service USAID/W employees and other U.S. Government employees on reimbursable detail to Washington are excluded from coverage, since such employees are not covered by the Foreign Service Medical and Health Program. The Medical Health Program is explained in 16 FAM.

Medical expenses for Personal Service Contractors are covered in the mandatory reference **(Appendix D: Direct USAID Contracts With U.S. Citizens or U.S. Residents for Personal Services Abroad)** of the USAID Acquisition Regulation (AIDAR), and in applicable Acquisition and Assistance Policy Directives (see **AAPDs and Contract Information Bulletins (CIBs)**). For purposes of the medical expense payment program, USPSCs who have been granted access to U.S. Embassy Health Units are administered in a manner similar to USDH staff. AAPD 06-10, **"PSC Medical Expense Payment Responsibility,"** applies to USPSCs the repayment responsibilities that 16 FAM 520 applies to direct hire employees.

630.3.16.3 Authorizing Officials for USAID-Funded Medical Services

Effective Date: 12/08/2006

The Bureau for Management, Office of Human Resources, Personnel Operations Division **(M/HR/POD)** requires regular physical examinations for eligible employees and their dependents and for candidates for employment in the Foreign Service and their dependents. Medical examinations for employees and their dependents may occur at post or take place in the United States, provided the employee and his/her dependents are unable to complete the examinations prior to departure from post **(on home leave or separation travel orders)**. Physical exams are a requirement of the Foreign Service. The DOS Medical Division authorizes physical examinations and all other medical services to be performed in the United States for the benefit of USAID and participating Agency employees, including hospitalization and related expenses incurred for eligible personnel evacuated from Foreign Service posts. The form **DS-3067, Authorization for Medical Treatment**, or other form letter is used for such authorizations. The Medical Division may also authorize examinations or consultations by letter. Medical services include consultation, medical treatment, hospitalization, the furnishing of drugs, and the provision of equipment, such as vaporizers, beds, braces, and other minor items.

For employees and eligible family members covered by insurance policies, those insurance policies are the primary payer for medical services provided to that employee or eligible family member(s) both in the United States and abroad. The primary insurer's liabilities are determined by the terms, conditions, limitations, and exclusions of those insurance policies.

For authorized medical services including physical examinations, the U.S. Government (USG) acts as a secondary payer of medical expenses. When an employee or eligible family member is not covered by insurance, the employee becomes the primary payer for the total amount of medical costs incurred and the U.S. Government has no payment obligation. Pre-employment physical examinations for direct-hire employees are fully funded by USAID and require no filing with personal insurance providers. USPSCs are reimbursed in accordance with the terms of their contracts.

The Principal or Administrative Officer at Foreign Service posts has the authority to order medical services overseas at Government expense under the Foreign Service Medical and Health Program. These officers can authorize travel and per diem for eligible USAID employees and their dependents incident to authorized treatment while located abroad, and can contract for the services of medical attendants to accompany the patient when deemed necessary by the post medical advisor or attending physician. Form DS-3067 is used for the medical treatment authorization.

630.3.16.4 Payment of the Bills for Medical Services

Effective Date: 12/08/2006

a. Expenses Incurred in the United States: Generally, all bills for medical expenses from doctors, hospitals, and Government facilities are received initially by the State Department, Medical Division. The Medical Division

- Matches each bill properly payable by USAID with the original or a copy of the authorization document;
- Determines whether the medical provider billed the employee's insurance carrier and whether the billing to the Department is net of any insurance reimbursement. When the billing is not net of insurance reimbursement, sends a letter to the employee and instructs them to file a claim with their insurance company and to transmit the settlement proceeds to USAID.
- Prepares and administratively approves form **OF-254, Voucher or Sub-Voucher for Medical Services**. This administrative approval is evidence that the goods and services were ordered and received, and that the amount charged is properly payable; and
- Submits the administratively approved vouchers with bill and authorization to M/FM/CMP on a daily basis; and

M/CFO/CMP audits the voucher and schedules the voucher for payment. Medical expenses incurred in the United States for Mission employees, including chartered aircraft cost for medical evacuations, are distributed to the funding Mission through the IPAC mechanism. M/CFO/CMP follows up on the insurance proceeds due from the medical claims of Washington-assigned employees until the proceeds are received. Mission Controllers follow up on the insurance proceeds due from medical claims of overseas assigned employees until the proceeds are received.

b. Expenses Incurred Overseas: The Post Medical Official or when no Medical Official is at post, the Principal or Administrative Officer initially receives all bills for medical expenses for doctors, hospitals, and Government facilities for treatment overseas. The responsible Post Officer:

- Matches each bill properly payable by USAID with the original copy of the authorization document;
- Prepares and administratively approves form **OF 254, Voucher or Sub-Voucher for Medical Services**. Administrative approval is evidence that the goods and services were ordered and received, and that the amount charged is properly payable;

- Submits the administratively approved vouchers with the attached bill and authorization to the Mission Controller for payment; and

- Sends a letter to the employee and instructs them to file a claim with their insurance companies and to transmit the settlement proceeds to USAID.

The Mission Controller audits the voucher to the extent he/she considers warranted, and schedules and certifies the voucher for payment. The Controller must follow up on the insurance proceeds due from the employee's claim until they are received.

c. CFO Follow Up On Employee Insurance Claims: The cognizant CFO billing official (M/CFO/CMP or Mission Controller) is responsible for following up with employees to ensure they timely submit all USG paid medical expenses to their respective insurance companies for reimbursement and transfer of the proceeds to USAID. The CFO billing office will issue an (see Internal Mandatory reference **Employee Memorandum Billing**) instructing the employee to make a dated claim with their insurance companies and to remit the refund and insurance company claims accountability reports to the USAID billing office within 90 days. The **(Employee Memorandum Billing)** form is an official Agency demand for payment and appropriately advises the employee of all their due rights under the billing instrument.

The **(Employee Memorandum Billing)** will be issued for the full amount of all medical costs directly paid by the USG. Because USAID is a secondary payer of authorized medical costs, the employee is required to submit the medical claims to his/her insurance companies for reimbursement. The billing office will work with the employee throughout the insurance claim reimbursement process. When the billing office determines that the employee has appropriately submitted a full insurance company accountability for the claim and remitted all insurance refunds to the billing office, the **(Employee Memorandum Billing)** will be adjusted to the value of the insurance company refunds.

If at anytime during the billing process, the employee fails to timely claim reimbursement with his/her insurance carriers or it is determined that the employee does not have insurance policies, the full amount that the USG paid for medical costs on behalf of the employee is immediately due and payable. Interest and Penalties will accrue from the date of the original **(Employee Memorandum Billing)**.

630.3.16.5 Employee's Responsibility

Effective Date: 12/08/2006

The employee is responsible for filing medical insurance claims with his/her insurance companies and promptly transmitting the proceeds, less any authorized out-of-pocket expenses, to the USAID billing office for any medical treatment authorized under DS-3067.

The employee must furnish documentary evidence of the total amount recovered and itemize the deductions and the reasons for the deductions. An employees failure to recover insurance payments, unless such failure is for reasons beyond the employee's control, will result in indebtedness to the U.S. Government that will be recovered from other amounts due to the employee. (See **625.3.6.4**, Employee Claims)

630.3.17 Transportation Vouchers
Effective Date: 10/19/2000

630.3.17.1 Transportation Vouchers and the Payment of Cargo and Passengers
Effective Date: 10/19/2000

Transportation vouchers are commercial invoices representing the cost of transportation for both passengers and freight. Some examples are

- An invoice from a freight company for shipping household goods, also known as **SF 1103**, **GBL (Government Bill of Lading).**
- A monthly statement from the Government travel and expense card company for airline tickets, also known as the Government Travel Account (GTA).

Transportation vouchers are strictly for payment for the transportation of goods and passengers and are subject to prepayment or post-payment audit, in accordance with the guidance contained in 41 CFR 101-41 and 102-118, Transportation Payment and Audit. Freight carriers use special forms to bill the Government. (See **41 CFR 101-41** and **102-118**)

Generally, transportation or transportation services ordered with a Government contractor-issued charge card or charge account cannot be prepayment audited because the bank or charge card contractor pays the provider directly. USAID's policy is that to the maximum extent possible, employees must pay for all travel-related expenses with the travel card and pay for all transportation-related expenses with the purchase card. All persons procuring transportation or transportation services for USAID should take steps to ensure that they use purchase cards to the maximum extent possible. Employees may obtain purchase cards through the Bureau for Management, Office of Acquisition and Assistance, Evaluation Division **(M/OAA/E)**.

GSA has a responsibility under 31 U.S.C. 3726 to perform oversight of transportation bill payments. The CFO and GSA reached an agreement which stated that it would not be cost effective to implement a prepayment audit program on the transportation and travel-related vouchers that are not paid by credit card. Since USAID does not conduct prepayment audit, GSA must conduct a post-payment audit on the transportation bills. GSA receives a monthly tape from the credit card contractor for all transportation payments made with a purchase card. There is no need for paying offices to send

credit card transportation vouchers to GSA. Payments that are not paid with a credit card must be sent to GSA by **M/FM/CMP** on a monthly basis. (See **31 U.S.C. 3726**)

The Bureau for Management, Office of Acquisition and Assistance, Transportation and Commodity Division **(M/OAA/TC)** issues ocean carrier cargo booking notes, charter party agreements, and government bills of lading **(GBL)** for the international transport of food aid and humanitarian relief cargoes. These forms of contracting and financing are recognized, and considered standard, within the transport industry for the international transport of commodities. Such contracting methods are exempt from the general practice of using purchase cards for payment of transport services. **M/OAA/TC** must use purchase cards to the maximum extent possible for domestic shipments and transport services. When using the purchase card for payment, the GBL accompanies only as the shipping document, not as the payment instrument.

630.3.17.2 Transportation Bills Submitted to GSA for Postpayment Audit

Effective Date: 09/16/08

M/CFO/CMP must annotate all transportation bills submitted for post-payment audit with the following information:

- The date received from the Transportation Service Provider **(TSP)**;
- The TSP's bill number;
- Agency name;
- The Document Reference Number;
- The amount requested;
- The amount paid;
- The payment voucher number;
- Complete tender or tariff authority, including contract price **(if purchased under the Federal Acquisition Regulation)**, item or section number;
- The TSP's taxpayer identification number; and
- The TSP's standard carrier alpha code **(SCAC)**.

M/CFO/CMP forwards documents monthly to

General Services Administration
Paid Document Receiving Unit
13882 Redskins Drive
Herndon, VA 20171

*630.4 MANDATORY REFERENCES

Effective Date: 07/13/2010

630.4.1 External Mandatory References

Effective Date: 06/22/2007

a. 5 CFR 1315

b. 22 CFR 226, Administration of Assistance Awards to U.S. Non-Governmental Organizations

c. 31 CFR 208.4, Management of Federal Agency Disbursements

d. 41 CFR Parts 101-41 **Transportation Documentation and Audit, and** 102-118**, Transportation Payment and Audit Standardized Regulations**

e. 41 CFR 301-52.17 - 23, Federal Travel Regulation

f. 4 FAH-3 H-452, Vouchering Other U.S. Agencies' Expenses

g. 16 FAM, Medical Program

h. FAR Part 13.4, Fast Payment Procedure

i. FAR 32.902, Prompt Payment – Definitions

j. Federal Intergovernmental Transactions Accounting Policies Guide

k. Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Pub. L. 97-255)

l. Imprest Fund Policy Statement

m. OMB Implementation Guidance for The Improper Payments Act of 2002, Pub.L. No. 107-300

n. IPAC Applications Users Manual, Version 1.0

o. NARA General Records Schedule 6

p. OMB Circular A-123, Management Accountability and Control, revised June 21, 1995

q. Phase 1 Addendum, Addendum to the Users Manual for IPAC

r. Treasury Cashier Manual

s. **Treasury Financial Manual, Volume 1, Part 6, Chapter 8500, Section 8520: Cash Forecasting Requirements**

t. **31 U.S.C. 3527-3529**

u. **31 U.S.C. 3726, Payment for Transportation**

v. **31 U.S.C. 39, Prompt Payment Act**

***630.4.2 Internal Mandatory References**
Effective Date: 07/13/2010

a. **AAPD 04-10 Standardized Model Letters for Designating the Cognizant Technical Officer (CTO) for Contracts, Grants, and Cooperative Agreements**

(1) **Cognizant Technical Officer (CTO) Designation – Contract/Task Order Administration**

(2) **Cognizant Technical Officer (CTO) Designation – Grant Administration**

(3) **Cognizant Technical Officer (CTO) Designation – Cooperative Agreement Administration**

b. **ADS 103, Delegations of Authority**

c. **ADS 477, Allowances and Differentials**

d. **ADS 502, The USAID Records Management Program**

e. **ADS 610, Use of Entertainment Account, Representation Allowances, and Program and Operating Expense Funds for Entertainment**

f. **ADS 621 Obligation Management**

g. **ADS 625, Administrative Accounts Receivable**

h. **ADS 631, Accrued Expenditures**

i. **ADS 633, Financial Management Aspects of Temporary Duty Travel (TDY)**

j. **ADS 635, Working Capital Fund**

k. **ADS 636, Program Funding Methods and Advance Mechanisms**

l. **AIDAR-Appendix D: (Direct USAID Contracts With U.S. Citizens or U.S. Residents for Personal Services Abroad)**

m. **AAPD 06-10 PSC Medical Expense Responsibilities**

n. **Employee Billing Memorandum**

***o.** **Performance Procedures for Reviewing Program Activities, Identifying and Reporting Improper Payments**

630.4.3 Mandatory Forms
Effective Date: 06/09/2004

a. **Administrative Approval Form and Checklist**

b. **SF-1034, Public Voucher for Purchases and Services Other than Personal**

c. **Form 1099-MISC, Miscellaneous Income**

d. **SF-1103, GBL (Government Bill of Lading)**

e. **SF-1113, Public Voucher for Transportation Charges**

630.5 ADDITIONAL HELP
Effective Date: 04/03/2007

a. **NO-AOC, Direct Charge to Agency Location Code through IPAC) [Note: This document is only available on the USAID Intranet. Please contact ads@usaid.gov if you need a copy.]**

b. **Principles of Federal Appropriations Law - Volume I**

c. **Principles of Federal Appropriations Law - Volume 2**

d. **Principles of Federal Appropriations Law - Volume 3**

e. **Procedure for Using IPAC Charges in lieu of AOC System Between Missions**

f. **Sample Letter From CTO to Payee – Approving Full Payment But Asking For Additional Justification of Voucher Item(s)**

g. **Sample Letter From CTO to Payee - Suspension of Voucher Item**

h. **For information on ICASS, please visit www.icass.gov.**

i. **Secure Payment System** (This additional help reference is not available in Word or PDF format. Please visit the following Web site to view the document:http://fms.treas.gov/sps/index.html)

*An asterisk indicates that the adjacent material is new or revised.

j. Strategies to Manage Improper Payments: learning from the Public and Private Sector

630.6 DEFINITIONS

Effective Date: 06/09/2004

The terms and definitions listed below have been included into the ADS Glossary. See the **ADS Glossary** for all ADS terms and definitions.

An asterisk next to a definition indicates that either the term is new or its definition has been revised.

Accelerated Payment Methods
A group of payment methods authorized under the Prompt Payment Act Implementation that, in certain instances, allows payment to be made to vendors prior to the normal 30-day waiting period. Accelerated payments have been expanded to include "**Fast Pay**," payments for invoices under $2,500, payments to small businesses, and payments related to emergencies and disasters. Accelerated payments may be made to any small business if the Bureau or Mission Director determines that such early payments are necessary. (Chapter 630)

Administrative Approval
The initial approval of an invoice or voucher received for payment. The approving officer is an employee (**normally the CTO**) directly concerned with acceptance of the supplies, services, etc., billed. The approval is necessary before the invoice or voucher is certified for payment by the authorized certifying officer, except as may be specifically exempted by USAID. **(Chapter 630)**

Bank Letter of Commitment
A USAID agreement with a U.S. bank under which USAID guarantees to reimburse the bank for the account of an approved applicant for all amounts paid by the bank and chargeable to the account under the instructions of the approved applicant and in accordance with general and specific conditions established by USAID. (Chapter 630, 636)

Bank Letter of Credit
An instrument of credit extended by a bank to a beneficiary guaranteeing payments to the beneficiary upon compliance with the terms and conditions established by the letter of credit. (Chapter 630)

Chief Financial Officers Council
The Chief Financial Officers (**CFO**) Act of 1990 (**Public Law 101-576**) CFO Act established a Chief Financial Officers Council. The act specifies that the Council will be chaired by OMB's Deputy Director for Management. Other members will be OMB's Controller, Treasury's Fiscal Assistant Secretary, and the agency CFOs appointed under the act. (CFO Act P.L. 101-576) **(Chapter 630)**

Direct Letter of Commitment
A USAID Letter of Commitment issued directly to primarily host-county contractors, suppliers, or carriers under which specified documents are submitted directly to USAID for payment. (Chapter 630)

Disbursements
Payments made using cash, check, or electronic transfers. Disbursements include advances to others as well as payments for goods and services received and other types of payments made. (JFMIP FMS Compliance) (Chapters 200-203, 621, 630, 631)

Electronic Funds Transfer (EFT)
EFT is the standard method for making Federal payments. EFT includes any method used to transfer funds electronically, including Fedwire, Automated Clearing House (**ACH**) transfers, Intra-Governmental Payment and Collection (**IPAC**) system, etc. **(Chapter 630)**

Fast Pay
A payment method that allows payment to be made without evidence that supplies have been received. Instead, a contractor certification that supplies have been shipped may be used as the basis for authorizing payment. Payment may be made within 15 days after the date of receipt of the invoice. **(Chapter 630)**

Fixed Amount Reimbursement
Fixed amount reimbursement is a form of project assistance under which the amount of reimbursement is fixed in advance based upon cost estimates reviewed and approved by USAID. Reimbursement is made upon the physical completion of an activity, a sub-activity, or a quantifiable element within an activity. The emphasis is upon reimbursement based on outputs rather than inputs or costs. **(Chapter 630)**

Letter of Credit
Letter of Credit is a method of advance payment for qualifying organizations under assistance agreements and certain contract awards that is negotiated and authorized by the Contracts or Agreement Officer. The Department of Health and Human Services (**DHHS**) is responsible for the payment and liquidation processes of USAID agreements using this method of financing. (**Chapters 630**, **636**)

No-Pay Voucher
No-pay vouchers are vouchers that do not require a payment to be made. A travel voucher where the payee's expenses are offset by a liquidating entry to the travel advance account is an example of a no-pay voucher. **(Chapter 630)**

Recurring Service Payment

A payment for recurring services, such as rents, which are performed under agency-vendor agreements for payments of definite amounts at fixed periodic intervals. Such payments may be made without the submission of a vendor invoice. (Chapter 630)

Special Letter of Credit
A Special Letter of Credit **(SLC)** is an alternative to financing commodities and commodity related services under a Letter of Commitment. The SLC becomes a foreign exchange asset for the host country with an immediate impact on foreign exchange reserves as well as the rapid generation of local currency. When the SLC is used as a means for financing local costs, the Bureau Assistant Administrator must approve the justification for its use. **(Chapters 630**, **636**)

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