



Treasury Financial Manual

Chapter 2000

OVERALL DISBURSING RULES FOR ALL FEDERAL ENTITIES

This Treasury Financial Manual (TFM) chapter provides guidance to federal entities on the overall disbursing rules.

For terms and definitions related to this chapter, please view the [TFM Glossary](#).

Section 2010—Scope and Applicability

The principal objectives of control of disbursements are to ensure that all disbursements are legal, proper, and correct and that all disbursements are accurately recorded, reported, and reconciled in a timely, efficient manner. Each federal entity's system of internal management control, and related procedures for, disbursements should be based on the operating needs of that particular federal entity and should conform to the Department of the Treasury's (Treasury) regulations and the related principles and standards for internal management control prescribed by the Federal Accounting Standards Advisory Board (FASAB). Internal management controls can be found in the [Yellow Book on the Government Accountability Office \(GAO\) website](#) and the [Green Book](#) on the Bureau of the Fiscal Service ([Fiscal Service](#)) website.

All federal entities, including federal entities that do not use Fiscal Service to disburse payments, must be vigilant of the risks and inefficiencies that exist to providing accurate and reliable payment data in advance of payments being made. Federal entities also need to ensure that they have the ability to control the flow of all payments during budget year transitions and debt ceiling constraints. In the event of a government budget year transition or debt ceiling constraint, Treasury will invoke rules for processing payments that flow through the Federal Reserve Bank (FRB) and debit the Treasury General Account (TGA). For specific instructions on electronic payment file submissions to the FRB in the event of a fiscal crisis, Non-Treasury Disbursing Offices (NTDOs) should refer to TFM Volume I, Part 4A, Chapter 4000, subsection 4020.10, Rules Under Government Fiscal Crisis, for guidance.

Federal entities must submit the CARS TAS/[BETC](#) reporting classification at the initiation of a payment. All federal entities must classify transactions to the proper component-based CARS TAS/[BETC](#) when transactions are actually initiated.

Refer to the [CARS](#) website for the new component-based CARS TAS/BETC format and requirements. Federal entities should use the CARS TAS/BETC and contact either the Chief Disbursing Officer's office or a Fiscal Service RFC for information and assistance

Treasury tracks new banking as well as other regulatory requirements impacting payments and incorporates these requirements into its rules, procedures, and systems. Some of these requirements include Nacha Operating Rules developed by Nacha, "formerly known as NACHA - The Electronic Payment Association", the Federal Reserve Operating Circulars and Regulations, financial sanctions and controls imposed by Treasury's Office of Foreign Assets Control (OFAC), and the Improper Payments Elimination and Recovery Act of 2010. Federal entities disbursing payments through Treasury must comply with these requirements. Compliance procedures are built into Treasury's disbursement process and do not require special interfaces and processes that otherwise must be built and maintained by federal entities who do not disburse through Treasury.

Section 2015—Authority

5 U.S.C. 301; 12 U.S.C. 90, 265, 266, 1767, 1789a; 31 U.S.C. 321, 331, 3122, 3301-3304, 3321, 3322, 3325, 3327, 3328, 3329, 3331, 3332, 3335, 3336, 3343, 3511, 3512, 3513, 3521, 3528, 3529, 3541, 5112, and 6503

Section 2020—Anti-Deficiency Act

Federal entities that incur obligations after an appropriation or continuing resolution expires violate the Anti-Deficiency Act. Certifying officers (COs) should approve the payment of obligations incurred by federal entities only when Congress has enacted legislation extending obligation authority. The prohibitions contained in this chapter are applicable to all U.S. COs. Each administrative department or federal entity is responsible for properly instructing its disbursing officers about these prohibitions.

Section 2025—Compliance With Executive Order 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism

Executive Order 13224 prohibits transactions with persons who commit, threaten to commit, or support terrorism. OFAC maintains the Specially Designated Nationals (SDN) and Blocked Persons list, which provides a list of individuals and entities covered by Executive Order 13224. The SDN and Blocked Persons list also includes the additional restrictions found in the Foreign Assets Control regulations at 31 CFR Chapter V.

Federal entities must not make or certify payments or draw checks or warrants payable to an individual or organization listed on the SDN and Blocked Persons list. Federal entities should consult the [SDN and Blocked Persons list](#) before making payments.

Direct questions concerning Executive Order 13224 or the SDN and Blocked Persons

list to OFAC. See the contact information on the [Department of the Treasury, Office of Foreign Assets Control](#) website or call 202-622-2490 .

Section 2030—Debt Collection Improvement Act of 1996 (DCIA)

DCIA, codified in pertinent part at 31 U.S.C. § 3716, requires federal disbursing officials to withhold all or part of federal payments made to persons or entities that owe delinquent nontax debts in order to satisfy debts. This process is known as "offset." Fiscal Service has issued regulations governing offset of federal payments to collect delinquent nontax debt at 31 CFR 285.5. Authority for collecting delinquent tax debts through the continuous levy of certain federal payments can be found at 26 U.S.C. § 6331(h). For additional information on federal entity responsibilities under DCIA and the Treasury Offset Program (TOP), see [TFM Volume 1, Part 4, Chapter 4000](#).

Section 2035—Electronic Funds Transfer (EFT) Disbursements - General Guidelines

All federal payments made by a federal entity must be made by EFT, in accordance with 31 CFR Part 208, unless a waiver applies. This requirement does not apply to payments under the Internal Revenue Code of 1986. Individuals receiving a type of payment that is not eligible for deposit to a Treasury-sponsored account, defined as a Direct Express card account, a U.S. Debit Card account, or another account established pursuant to 31 CFR part 208.5 or 208.11, are waived from the EFT requirement. Most types of federal payments are eligible for deposit to a Treasury-sponsored account; therefore, most new federal payment recipients must receive either a direct deposit to an account at the recipient's financial institution or, or an electronically delivered payment to a Treasury-sponsored account.

Federal entities must make all vendor payments by EFT. There are no waivers available for vendor recipients as a class of payments.

2035.05—EFT Disbursements - Federal Payments

2035.05a—Federal Entity Process - New Federal Payment Recipients

Federal entities that are structured, and have completed an implementation with Treasury to process new federal nontax payments into a treasury-sponsored account, and is processing new federal nontax payment requests that are eligible for deposit into a Treasury-sponsored account must inform recipients of the requirement to receive their payment to either an account at the recipient's financial institution or to a Treasury-sponsored account. These federal entities should refer the recipients to the [EFT](#) requirements prescribed in 31 CFR Part 208.

Federal entities which process federal payment requests that are eligible for deposit to a Treasury-sponsored account must ensure that their forms, online enrollment processes, and any appropriate procedures associated with the application of nontax federal payments (including benefit, retirement, salary,

miscellaneous, vendor, and expense reimbursement payments) reflect the EFT requirement for payments. These federal entities must remove any references to checks in their processes, forms, and procedures related to receipt of federal nontax payments. They must ensure that all federal entity personnel processing federal nontax payment requests are adequately trained on the EFT requirements for federal nontax payments.

Federal entities must work with Treasury and its financial agent to develop processes to offer a Treasury-sponsored account to new and existing federal nontax payment recipients who are unable to receive payments by Direct Deposit. Federal entities must ensure that any offices receiving and processing nontax payment requests have the appropriate systems, procedures, and accesses in place to enroll recipients for either Direct Deposit or a Treasury-sponsored account.

Note: Benefit federal entities that are not configured to enroll new beneficiaries for a Treasury-sponsored account via batch or web enrollment must direct the recipient to contact Treasury's call center to switch from check to a Treasury-sponsored account within three months of the benefit award. Recipients who fail to do so will be contacted by Treasury within three to six months from the benefit award to enroll for a Treasury-sponsored account or to apply for a waiver from the EFT requirement as outlined in subsection 2035.

2035.10—Exceptions for New Federal Payment Recipients

Payment by check may be granted to a new federal nontax payment recipient only in the following circumstances, in accordance with 31 CFR Part 208.

2035.10a—Automatic Waivers that Require No Further Action by the Recipient

Automatic waivers apply in the following circumstances:

- Individuals who were born prior to May 1, 1921, and who were receiving payment by check on March 1, 2013,
- Individuals who receive a type of payment for which Treasury does not offer delivery to a Treasury-sponsored account. In such cases, those payments are not required to be made by electronic funds transfer, unless and until such payments become eligible for deposit to a Treasury-sponsored account, or
- An individual who is ineligible for a Treasury-sponsored account because of suspension or cancellation of the individual's Treasury-sponsored account by the Financial Agent.

2035.10b—Hardship Waivers that Require the Individual to Contact Treasury for Review/Approval

A hardship waiver may apply when payment by EFT would impose a hardship on the beneficiary because of the individual's inability to manage an account at a financial institution or a Treasury-sponsored account. Hardship waivers would be for payments that are eligible for deposit into a Treasury-sponsored account and:

- Because of a mental impairment, or
- Because the individual lives in a remote geographic location lacking the infrastructure to support electronic financial transactions.

Federal entities may permit check payments temporarily to individuals who specifically request payment by check because of a mental impairment or geographic hardship. Under these circumstances, the federal entity must inform recipients that they are permitted to receive payment by check for an interim period, but that they must contact Treasury about continuing to receive payment by check in the future.

Other than notifying Fiscal Service of an individual's request for a waiver, the federal entity is not responsible for managing the waiver process for new beneficiaries. Fiscal Service and its fiscal agent manage the waiver process.

Note: If a new benefit recipient of a federal payment which is eligible for deposit to a Treasury-sponsored account specifically requests payment by check because of a mental impairment or geographic hardship, the federal entity may direct these individuals to contact Treasury to discuss how they will receive future benefit payments. Federal entities can satisfy this requirement by including language in their benefit award letters to these recipients stating that payment by EFT is required and directing beneficiaries with hardships to contact Treasury about receiving their benefits by check. Federal entities may use alternative means of communicating this information to recipients, provided the appropriate language and Treasury's telephone number are shared with the recipient. Treasury meets with each benefit federal entity to ensure that appropriate procedures are in place to inform new benefit check recipients of their responsibility to contact Treasury about how they will receive future benefit payments.

2035.15—Temporary Delay in EFT Enrollment

If an individual requests additional time to make an EFT decision (federal nontax payment by Direct Deposit or eligible for deposit to a Treasury-sponsored account), or does not have the banking information available at the time of the federal payment application to enroll for Direct Deposit, the federal entity may permit payment temporarily by check. The federal entity must inform any individual who subsequently responds and requests payment by check on a permanent basis of the EFT requirement and the need to contact Treasury about continuing to receive future payments by check. Individuals who request additional time on the EFT decision and who fail to contact the federal entity within three months are contacted by Treasury and may be automatically enrolled to receive payments to a Treasury-sponsored account.

2035.20—Benefit Recipient Compliance

Benefit federal entities should be aware that individual check recipients who fail to call Treasury as required under this section are contacted by Treasury within three to six months of their initial federal payment and may be automatically enrolled to receive their federal payments to a Treasury-sponsored account. Federal entities must ensure that any offices processing federal payments have the appropriate systems, procedures, and accesses in place to change the recipient's payment election from check to a Treasury-sponsored account, upon request.

2035.25—Federal Entity Process - Existing Federal Payment Recipients

Federal entities are not responsible for managing the waiver process for existing federal payment recipients. Fiscal Service manages this waiver process and contacts existing check recipients about their requirement to receive payments electronically.

Federal entities must work with Treasury and its financial agent to develop processes to enroll current check recipients who do not wish to have their federal payments made by Direct Deposit to be automatically enrolled to receive payments to a Treasury-sponsored account. Federal entities must ensure that any offices processing federal payments have the appropriate systems, procedures, and accesses in place to change, upon request, the recipient's payment election from check to either Direct Deposit or a Treasury-sponsored account.

2035.30—Temporary Changes from EFT to Check

In certain circumstances, federal entities may need to temporarily switch a recipient's payment election from EFT to check if the recipient's account is closed for various reasons, such as the recipient's decision to close the account, or because the account was closed due to fraud or misuse. Under these circumstances, the federal entity must inform the recipient of Treasury's EFT requirement and that the recipient must make arrangements to receive payments electronically. Individuals who, under these circumstances, refuse to receive payment by Direct Deposit or into a Treasury-sponsored account are permitted to receive check payments on an interim basis. However, the federal entity must inform these recipients of their responsibility to contact Treasury about continuing to receive future payments by check, as outlined in subsection 2035.15.

Payment by check is also permitted for one or two payment cycles in circumstances where payment by EFT cannot be made immediately after enrollment because of operational constraints. The federal entity must contact the Treasury call center if they have any questions about EFT or check disbursements.

2035.35 —Vendor Payments

The Treasury EFT rule at 31 CFR Part 208, the Prompt Payment rule at 5 CFR Part 1315, and the Federal Acquisition Regulation (FAR) EFT rule at 48 CFR Parts 13,

15, 32, and 52, provide regulatory foundations on which federal entities can implement the EFT requirement of DCIA for payments to government vendors. The Treasury EFT rule at 31 CFR Part 208 requires that federal payments be made electronically and does not provide waivers for vendor payments as a class of payments. Federal entities may invoke waivers for a payment to a vendor under certain limited circumstances set forth below but, must consult with Treasury before doing so to determine if alternative payment methods are available.

The FAR EFT rule at 48 CFR Parts 13, 15, 32, and 52, addresses the use of EFT for federal contract payments and also provides for the collection of banking information from vendors. In particular, the FAR EFT rule provides EFT contract clauses that require government vendors to receive payments electronically as a condition of awarding a contract. Federal entities must use these EFT contract clauses in their contracts with government vendors. The EFT contract clauses require vendors to submit their EFT information to the federal entity. The federal entity may require this information as a condition of making the first payment.

The Prompt Payment rule at 5 CFR Part 1315 requires vendors to submit EFT information as part of a proper invoice, unless federal entity procedures provide otherwise. Federal entity procedures may require, for example, that EFT information be collected. Late interest penalties do not apply to any late payment resulting from the vendor's failure to submit proper EFT information in a timely manner.

2035.40—Miscellaneous and Salary Payments

Federal entities must make all miscellaneous and salary payments by EFT unless an individual waiver under subsections 2035.10a and 2035.10b or an federal entity-invoked waiver under subsection 2035.45 apply.

Federal entities that begin to receive individual waiver requests for miscellaneous or salary payments must contact Treasury's EFT Strategy Division at eftmail@fiscal.treasury.gov. Federal entities that experience impediments to making miscellaneous or salary payments by EFT must contact Treasury to determine if there is an alternative means available for making payments electronically.

2035.45—Federal Entity Waivers

Federal entities are not required to make payment by EFT when the following unique circumstances occur:

- The political, financial, or communications infrastructure in a foreign country does not support payment by EFT.
- The payment is to a recipient within an area designated by the President or an authorized federal entity administrator as a disaster area (this waiver is limited to payments made within 120 days after the disaster is declared).
- A military operation is designated by the Secretary of Defense in which

uniformed services undertake military actions against an enemy, or a call or order to, or retention on, active duty of members of the uniformed services is made during a war or national emergency declared by the President or Congress.

- A threat may be posed to national security, the life or physical safety of any individual may be endangered, or a law enforcement action may be compromised.
- An federal entity's need for goods and services is of such an unusual and compelling urgency that the government would be seriously injured unless payment is made by a method other than EFT, or
- There is only one source for goods or services, and the government would be seriously injured unless payment is made by a method other than EFT, or
- The federal entity does not expect to make payments to the same recipient within a one-year period on a regular, recurring basis, and remittance data explaining the purpose of the payment is not readily available from the recipient's financial institution receiving the payment by EFT.

should only invoke these waivers when:

- A recipient requests a waiver, and
- The recipient falls under one of the requirements listed above for waivers.

This is on a limited basis and the federal entity must discuss any proposed waiver with Treasury to determine if alternative means are available to make payments electronically. Federal entities that experience impediments to making payments by EFT should contact Treasury at eftmail@fiscal.treasury.gov for assistance.

2035.50—Federal Entity Compliance

Treasury monitors the percentage of federal entity payments made electronically on a monthly basis to ensure that federal entities are implementing the provisions of 31 CFR Part 208 and this chapter. Treasury meets with federal entities exhibiting low EFT rates to identify the impediments to EFT payments, and to determine strategies to address these impediments. federal entities should document any impediments they experience making their payments by EFT to assist Treasury with this analysis.

Section 2040—Responsibility for Payments

The officer or employee who certifies a voucher is responsible for ensuring the payment is proper. Except as provided in this chapter, disbursing officers are not responsible for the propriety of payments authorized by COs. However, a disbursing officer who has knowledge that a payment is improper should not make the payment.

The procedures prescribed in Section 2045 relate to issuing payments (check and

electronic) to individuals, commercial entities, nonprofit entities, and non-federal government departments and federal entities; and deductions made from disbursement vouchers.

Section 2045—Basic Disbursement Requirements

2045.05—General Requirements

The following requirements apply to all disbursements, whether in cash, checks, or electronic payments, issued on the U.S. Treasury or designated depository banks for authorized and lawful payments and/or refunds of amounts collected:

- must support disbursements with sufficient information on the disbursement vouchers, or on documents attached to them, to enable the audit of the transactions of certifying and disbursing officers, as required by law.
- should mark vouchers or voucher schedules and supporting documents systematically, or manually when applicable, to prevent duplicate payments and to avoid mutilation, overwrite, inadvertent deletion, or destruction.
- If an original invoice has been lost or destroyed, the federal entity should obtain a duplicate from the original submitter of the invoice to support the voucher or voucher schedule. Then, the federal entity may process the voucher or voucher schedule through regular disbursement channels provided it places on or attaches to the duplicate invoice a full explanation as to the circumstances of the loss or destruction of the original invoice and a statement indicating that steps have been taken to prevent duplicate payment.

Note: Federal entities should be particularly alert to the possibility of duplicating payments whenever they:

- Have delayed payments for extended periods of time after the due date,
- Have received duplicate copies of invoices from vendors as follow-up claims and/or have submitted invoices or bills to more than one federal entity location for payment, and
- Have received adjusted invoices after they have made payments.

2045.10—Cash Advances - Establishing Procedures for Cash Advances

It is the responsibility of grantor federal entities to monitor the cash management practices of their recipient organizations to ensure that federal cash is not maintained by them in excess of immediate disbursing needs. Federal entities must establish systems and procedures to assure that balances are maintained and commensurate with immediate disbursing needs, excess balances are promptly returned to the Treasury; and advance funding arrangements with recipient organizations unwilling or unable to comply are terminated.

Procedures established by federal entities should:

- Specify that all contractual arrangements with recipient organizations provide that advance payments will be made only at times and in amounts necessary to meet immediate disbursing needs. This figure is calculated by the federal entity and should be reviewed quarterly. Federal entities should conduct independent annual reviews of the balances to ensure only amounts necessary to meet immediate disbursing needs are maintained. The results of the review should be shared with Treasury.
- Monitor recipient organizations, and base evaluations on cash payments and not on accrued liabilities.
- Require, except where specifically prohibited by law, all interest earned by recipient organizations on advances from federal funds be remitted to the federal entity. The federal entity will promptly return the funds to the Treasury.
- Immediately upon determination that an expenditure of advance funds is disallowable in accordance with the contractual arrangement, the federal entity should notify the recipient and require the return of such funds. Under no circumstances should funds be returned more than 30 days from the date of the notification by the federal entity.

2045.15—Preventing Payments Not Covered by an Appropriation or Continuing Resolution

Excluding payrolls in certain circumstances (see subsection 2045.20), the responsibility for preventing payments not covered by an appropriation or a continuing resolution rests with the federal entity certifying the payment. It is the responsibility of the federal entity's CO to ensure that payments certified to disbursing officers are not improper. It is not the disbursing officer's responsibility to investigate the date of the underlying obligation of certified scheduled payments.

2045.20—Payrolls - General

Responsibilities for the head of each federal entity include the following:

- Establishing and maintaining an adequate payroll system, or
- Using a payroll service provider with a system for covering pay, leave, and allowances, as a part of the system of accounting and internal control required by the Accounting and Auditing Act of 1950 (31 U.S.C. 3513). This system must conform to the principles, standards, and related requirements prescribed by the Comptroller General.

The Office of Personnel Management (OPM), the Office of Management and Budget (OMB), and the Department of Labor (DOL) issue regulations related to payroll voucher preparation.

2045.25—Payroll Creation

A disbursing officer who knows an obligation was incurred when funds were not available may not disburse a certified payment voucher. This circumstance can arise particularly in the case of payrolls when it is obvious that the time of

obligation occurred after the appropriation or continuing resolution lapsed. Therefore, when annual appropriations have not been enacted and there is no continuing resolution under which obligations can be legally liquidated, disbursing officers should not knowingly release payrolls that extend beyond the period provided for in the appropriation or continuing resolution. The inclusive dates of a pay period serve as *prima facie* notice to disbursing officers of the date on which the obligation was incurred. Disbursing officers should not knowingly release payrolls for any pay period extending beyond or commencing after the expiration date of an appropriation or a continuing resolution, unless the chargeable appropriation is a no-year or unexpired multiple-year appropriation.

2045.25a—Payrolls Processed for the Entire Pay Period

Sometimes the expiration date of an appropriation or a continuing resolution does not coincide with the end of a pay period. Disbursing officers may not release payrolls that include salaries and wages earned beyond the expiration date of the appropriation or continuing resolution.

2045.25b—Payrolls Processed for a Portion of a Pay Period through the Expiration Date

Disbursing officers should make the usual advance release of payroll payments only to cover salaries and wages earned through the expiration date of an appropriation or a continuing resolution.

2045.25c—Payrolls for Pay Periods After the Expiration Date

For any partially covered pay period and all subsequent pay periods, federal entities should process payrolls for salaries and wages earned beyond the expiration date of an appropriation or a continuing resolution as usual. Disbursing officers may prepare payments for such payrolls and may hold them for immediate release upon approval of an appropriation or continuing resolution.

2045.30—Claims for Deceased Employees

In 1996, the procedures and forms to be used to process claims for deceased federal employees were transferred from GAO to OPM. In the "Determination with Respect to Transfer of Functions Pursuant to Public Law 104-53," dated June 28, 1996, the Acting Director of OMB delegated this and other transferred functions to other federal entities. See 31 U.S.C. 3702 and 5 U.S.C. 5583 for claims involving federal civilian employees' compensation and leave, and settlement of deceased employees' accounts.

2045.35—Payee Information

Federal entities should uniformly follow the rules below in connection with the designation of the payee or payees of government payments.

2045.35a—Payments to Individuals

In all cases, use the first name, middle initials, if any, and surname of the payee. Omit punctuation marks except for the use of commas to set off the names of more than two payees.

2045.35b—Payments to Joint Accounts

Federal entities should carefully distinguish between using the term "joint" and "several" accounts in situations such as trust estates, decedents' estates, trustees, executors, and administrators of the accounts.

Where two or more individuals are jointly entitled to receive the payment, the voucher should include all names as payees. Use the word "and" before the name of the last payee. Where the account is not a joint account but is held by two or more individuals, use "or" before the name of the last payee.

Note: Do not under any circumstances designate the word "estate" as the payee, for example, "Estate of A., deceased." When the particular estate has only one trustee or one personal representative, designate the individual by name as the payee in that representative capacity, for example:

- "T., trustee u/w of A., deceased" (in the case of a testamentary trust),
- "T., trustee u/d from A. dated (date of trust indenture)" in the case of the transfer of the ownership of property between living persons (such as, inter vivos trust), and
- "E., executor of the Estate of A. deceased" or "A., administrator of the Estate of B., deceased" (in the case of a decedent's estate).

If the estate has several trustees or personal representatives, designate all trustees, administrators, or executors by name in their representative capacities as joint payees, for example, "A., B., and the X Trust Company, trustees u/w of D., deceased," etc.

2045.40—Corporate Trustee or Executor in Receivership or in the Hands of the Local Banking Department

The federal entity should make the payment payable to the liquidating officer (Receiver, Secretary of Banking, Commissioner of Banking, etc.) as payee. The names of the corporate trustee or executor and the estate should appear in such designation, for example, "Secretary of Banking, in possession of the business and property of the X Trust Company, trustee u/w of D." (This form varies according to the designation given the proper liquidating officer under the local law.)

The federal entity CO must be furnished a certified copy of the grant-of-letters testamentary, the will, or trust indenture stating that the intended payee is duly appointed, qualified, and acting trustee or executor. In instances where the administration of the estate is closed and the trustee or personal

representative has been discharged, designate the legatees, distributees, or beneficiaries entitled to receive the payment in question as joint payees. The CO must be furnished first with a certified copy of the decree of distribution or other proper evidence from the court having jurisdiction of the particular estate showing the persons entitled to receive payment.

2045.45—Guardians of Minors

Because of differences in local law, there is no all-inclusive rule to determine the guardian to whom payment should be made. Some states require the guardian of the estate of a minor to be someone other than the guardian of his/her person, while others combine both functions in the same individual. The local law must be examined in each case. The CO must be furnished with a certified copy of the appointment that the particular individual is authorized to receive the payment on behalf of the individual's ward.

The designation of the payee may be in many forms, depending on the circumstances of the particular case. The following are three examples:

- "G., guardian of M., a minor",
- "G., guardian of the estate of M., a minor", or
- "G., guardian of the person and estate of M., a minor".

These examples are not all-inclusive. In every case, designate the guardian according to title under the local law. Ordinarily, parents or persons standing in place of parents (*loco parentis*) are not entitled to receive payments on behalf of their minor children. This question also is one of local law. Where the appointment of a guardian is not required and payment may properly be made to the parent, designate the payee in the following form: "F., father of M., a minor."

2045.50—Incompetents

As in the case of guardians of minors, the designation in this class of cases is governed by the local law according to the title given the representative, for example:

- "C., conservator of the estate of X., incompetent",
- "A. and B., committee for X., incompetent", and
- "G., guardian of X., incompetent," etc.

As proof of authority to receive payment, the CO should require a certified copy of the appointment.

2045.55—Corporations

When there has been a change in the corporate name as a result of a merger, consolidation, or other proceeding, and a certificate verifying such a change has been obtained from the proper state official, the federal entity should draw the voucher for payment in the new name.

The federal entity should draw the voucher to the order of the successor company where it is established that:

- The original claimant has been dissolved,
- Its assets have been distributed to the new company, and
- The liquidating trustees have been discharged.

Where a company has been dissolved and its affairs are being liquidated by liquidating trustees, the designation depends on the local law. In most jurisdictions, the corporation continues for the purposes of liquidation, and it may be proper to designate the corporation rather than the liquidating trustees as the payee. No hard and fast rule can be established to cover all such cases. Federal entities should refer any uncertainties or doubts concerning the payee to be designated to the proper legal officer of the department or establishment for consideration.

2045.60—Unincorporated Associations

Federal entities should make the vouchers payable to the order of the associations, using their official names. They should draw partnership vouchers in the firm's name. Federal entities should refer any doubts as to form to the proper legal officer of the department or establishment for special consideration.

Section 2050—Electronic Invoicing, Invoice Processing Platform (IPP)

Federal entities should consider using electronic systems and processes to streamline and improve efficiencies in government invoicing. IPP is a secure web-based electronic invoicing and payment information system provided by Fiscal Service. IPP allows federal entities to transform their existing paper-based order-to-pay processes into a streamlined electronic flow.

IPP provides a centralized location to view all transactions in the purchase-to-pay process. It transforms paper-based processes into an electronic process for both federal entities and their suppliers. IPP's modular design allows federal entities to implement functionality in phases, according to their business needs. Federal entities use IPP to send electronic purchase orders to vendors, to receive electronic invoices from vendors, and for invoice routing and approval workflow. IPP uploads payment remittance information from Treasury and non-Treasury disbursed federal entities, allowing federal entities and their suppliers to view and download payment information.

For additional information on IPP, see the [IPP](#) website.

Section 2055—Contract References

Reference contracts or agreements on the voucher by placing the contract number and the date in the spaces provided. If the agreement is unnumbered and attached to the voucher, indicate this. However, where payments are made on

vouchers in favor of general supply contractors whose contracts are itemized in the Federal Supply Schedule and the item numbers covering the articles purchased are given on the face of the voucher, the contract number and date need not be shown.

Note: The [FAR](#) and the [Defense Federal Acquisition Regulations \(DFAR\)](#) require all contractors to be registered in the Central Contractor Registration (CCR) database before award. See the [System for Award Management \(SAM\)](#) website.

The voucher prepared by the federal entity to support payments of this nature should show:

- The contract number also referred to as the Procurement Instrument Identifier (PIID). The PIID is a unique identifier for each contract number, agreement number, purchase number, or delivery order associated with the payment. For additional information, see the [Federal Procurement Data System](#).
- The period covered by the payment.
- The name of the vendor, also referred to as the "party." This must contain the full name of a payee or party, whether an individual or organization.
- The amount of the payment and the account to be charged.
- The Procurement federal entity Identifier. This is a code for a governmental federal entity, but it does not necessarily represent the federal entity that issued the contract. Instead, it serves only as part of the unique identification for the Federal Procurement Data System awards records.
- Indefinite Delivery Vehicle (IDV) Procurement Instrument Identifier. This is a code for an federal entity, but it does not necessarily represent the federal entity that issued the contract. Instead, it serves as part of the unique identification for the Federal Procurement Data System, IDV records. For awards records, it partially identifies a linked IDV record.
- IDV federal entity identifier. When reporting orders under IDV such as a Governmentwide Acquisition Contract, Indefinite Delivery Contract, Federal Supply Schedule, Basic Order Agreement, or Blanket Purchase Agreement (BPA), report the PIID (contract number or agreement number) of the IDV. For the initial load of a BPA under a Federal Supply Schedule, this is the Federal Supply Schedule contract number.

For additional information on activity codes, see the [North American Industry Classification System](#) and find the [Product and Service Codes Manual](#) at PSC_Manual.

Note: Federal entities may make payments for services of a continuing nature, such as rents, janitorial services, etc., that are performed under federal entity-vendor agreements providing for payments of definite amounts at fixed periodic intervals without submission of invoices or bills by the vendor. They should establish administrative controls for ensuring that recurrent payments are:

- On unexpired contracts or agreements,
- For correct amounts,
- For services actually performed, and
- Not duplications of previously issued payments for the same goods and services.

Federal entities should increase the number of payment items per voucher-schedule, particularly in those cases where schedules cover only one, two, or three items. They should consolidate multiple invoices or bills payable to one vendor at one office or place of business, for supplies or services rendered to government federal entities, into one payment, when possible, to reduce the number of vouchers prepared and payments issued when the due dates for the multiple bills or invoices are the same. In each case, payment in this manner must be agreeable to the vendor, and only one government establishment may be the debtor.

Note: Federal entities are encouraged to use IPP to send electronic purchase orders to suppliers, to receive electronic invoices from suppliers, and to coordinate invoice routing and approval workflow.

2055.10—Unit Prices of Gasoline or Other Petroleum Products

Where the purchases of gasoline or other petroleum products are made under contracts that provide that the unit prices must be based on tank, wagon, barge, or service station prices on the date and at the point of delivery, show such unit prices at the date and point of delivery on the invoices or vouchers as audit information.

Section 2060—Prompt Payments to Earn Discounts

When a cash discount has been offered for prompt payment, federal entities should make every effort to process the invoice within the discount period, if the discount is cost effective to the government. Process the invoice according to the specific terms on which the discount has been offered by the contractor or supplier. Federal entities should take discounts only on those invoices that can be paid within the specified discount period and that are cost effective to the government. For effective cash management, federal entities should submit the voucher covering the payment as near to the last day of the prompt payment period as possible. Prompt Payment Act conditions are met if a check payment is dated and mailed/deposited within the period, not received by the recipient during the period. They are met for ACH and Fedwire payments if the settlement date for the payment is within the prompt pay period. For more information go to the [Prompt Payment](#) website.

Section 2065—Assignment of Basic Voucher Numbers

The administrative processing federal entity assigns each voucher an identification number. This identification number can be system generated or manually entered and is used for all accounting and auditing purposes. The federal entity must place the number in the space identified as "Voucher No." on

standard form vouchers. This rule applies regardless of which operating or administrative unit or division of the federal entity has oversight of the payment. Federal entities are not required to place separate disbursing office voucher numbers, as such, on vouchers except in the case of vouchers covering charges for transportation services. If, for administrative purposes, it is necessary to assign control or accounting numbers to payment documents, these numbers are considered supplementary and subordinate to the official identification number as prescribed above. If the amounts of two or more basic vouchers or invoices due one payee may be properly combined in one payment, clearly indicate the individual basic voucher numbers in the voucher number column on the voucher-schedule but add and list the items as a single payment.

Section 2070—Preaudit of Vouchers

Effective control over disbursements requires the preaudit and approval of vouchers before they are certified for payment. The principal objectives of the preaudit of a voucher are to determine whether:

- The required administrative authorizations for the procurement and approvals for the payment were obtained.
- Funds are available at the time the obligation is incurred. If an obligation is incurred when funds are not available, then the payment may not be certified, and a payment voucher may not be disbursed.
- The payment is permitted by law and is in accordance with the terms of the applicable agreement.
- The amount of the payment and the name of the payee are correct.
- A proper Taxpayer Identification Number, Employer Identification Number, Individual Taxpayer Identification Number, or Payee ID Number, is provided for each payee.
- The payment is not a duplication.
- The goods received or the services performed were in accordance with the agreement.
- The quantities, prices, and amounts are accurate.
- All cost-effective discounts have been taken.
- All applicable deductions were made and credited to the proper account in the correct amount.
- The appropriation or fund from which the payment will be made is available for that purpose and indicated with the appropriate Treasury Account Symbol/Business Event Type Code (TAS/BETC).
- Proper forms of documentation were used.
- Special certificates, if required, were furnished.
- Specific vendor reporting entries, if required, were furnished.
- For summary schedules, the payments are submitted in conformance with the Payment Automation Manager standard format.

Note: The maximum amount for which an federal entity can issue an individual payment depends on the type of payment instrument. Maximum individual payment amounts for each payment instrument (checks, ACH electronic payments, and Fedwire Same Day Payments) are as follows:

- **Checks**—May be issued for maximum individual payments of up to

\$99,999,999.99. Federal entities are discouraged from authorizing individual check payments that are less than \$5, and federal entities are generally prohibited from using checks to issue federal payments (including benefit, retirement, salary, miscellaneous, vendor, expense reimbursement and tax payments). This requirement does not apply to payments under the Internal Revenue Code of 1986. Automated check printing systems used by Fiscal Service Regional Financial Centers (RFCs) can print amounts up to \$99,999,999.99. Federal entities should attempt to use electronic payment mechanisms for all large-dollar amounts.

- **ACH electronic payments**—May be issued for maximum individual payments of up to \$99,999,999.99.
- **Fedwire Same Day Payments**—May be issued for maximum individual payments of \$9,999,999,999.99. Additionally, federal entities should not use Fedwire for payments under \$100,000.00.

Section 2075—Federal Offset Program

2075.05a—Debt Collection Improvement Act of 1996 (DCIA)

The DCIA requires the federal government to withhold or reduce certain federal payments to satisfy the delinquent nontax debts owed to the United States by the payee. This process is known as “administrative offset.” In addition, the DCIA requires federal entities to identify federal employees who owe delinquent debt to the United States, using a process known as “centralized salary offset.” The Treasury Offset Program (TOP) compares delinquent debt information with federal salary payment information for offsetting the salary payments of those employees who owe debt to the United States. For more information concerning DCIA, see [TFM Volume I, Part 4, Chapter 4000](#) and TFM Volume I, Part 3 generally.

2075.05b—Taxpayer Relief Act of 1997

This Act authorizes the Internal Revenue Service to continuously levy up to 15 percent of certain federal payments, including federal salary payments, to collect delinquent taxes. TOP also is used to match delinquent tax debts with federal salary and other payments for levying the salary payments of those employees who owe delinquent taxes to the United States.

Payroll processing federal entities send extract files to Fiscal Service containing payment information for all employees. Fiscal Service compares the extract file to the National Interactive Delinquent Debt Data Base, identifies matches, and transmits an electronic file containing the identified matches and the debt balances back to the payroll processing federal entities. The payroll processing federal entity offsets or levies up to 15 percent of disposable pay and sends the funds to Fiscal Service. Fiscal Service then sends the funds to the creditor federal entities.

Section 2080—Payments to Prepaid Accounts

Treasury's prepaid card final rule at 31 CFR Part 210 permits federal government payments to prepaid accounts including debit card, stored value card, prepaid card or similar payment card program established by the Service if certain conditions are met that provide for consumer protections to the cardholders. To be eligible to receive federal payments, a prepaid account must meet the following requirements:

1. The account is held at an insured financial institution,
2. The account is set up to meet the requirements for pass-through deposit or share insurance such that the funds accessible through the card are insured for the benefit of the recipient by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund in accordance with applicable law (12 CFR part 330 or 12 CFR part 745),
3. The account does not have an attached line of credit or loan agreement under which repayment from the account is triggered upon delivery of the federal payments, and
4. The issuer of the account complies with all of the requirements, and provides the holder of the account with all of the consumer protections, that apply to a prepaid account under the rules implementing the Electronic Fund Transfer Act (15 USC 1693 et seq.) and the Truth in Lending Act (15 USC 1601 et seq.).

No person or entity may issue a prepaid card that accepts federal payments in violation of these requirements. Any financial institution that holds an account for a prepaid card issuer, to which federal payments are received, is responsible for ensuring these requirements are met. Federal entities should be aware of these requirements and should promptly notify Fiscal Service if they become aware of any payments being made to a prepaid card that does not comply with these requirements. If Fiscal Service becomes aware that federal payments are being deposited to prepaid cards that do not meet these requirements, it reviews the situation and takes appropriate action. Fiscal Service may, for example, refer any violations of the EFT rule requirements to the appropriate regulatory bodies.

Contacts

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Summary of Updates for this Release

Section No.	Section Title	Summary of Change
	Introduction	Added verbiage and hyperlink redirecting readers to the TFM Glossary
2010	Scope and Applicability	Updated hyperlink to "Yellow Book on the Government Accountability Office (GAO) website."
2025	Compliance with Executive Order 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism	Updated hyperlink for "SDN and Blocked Persons list."
2025	Compliance with Executive Order 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism	Updated hyperlink for "contact information."
2030	Collection Improvement Act of 1996 (DCIA)	Updated hyperlink to " TFM Volume 1, Part 4, Chapter 4000. "
2035.40	Miscellaneous and Salary Payments	Corrected the spelling of "electronically."
2050	Electronic Invoicing, Invoice Processing Platform (IPP)	Update hyperlink for "information on IPP."
		Updated hyperlink

2055	Contract References	for "Federal Procurement Data System."
2055	Contract References	Updated hyperlink for "North American Industry Classification System" and "Product and Service Codes Manual."
2055	Contract References	Updated hyperlink to "The FAR."
2055	Contract References	Updated hyperlink to "Defense Federal Acquisition Regulations (DFAR)."
2055	Contract References	Updated hyperlink to "Central Contractor Registration (CCR) database."
2055	Contract References	Define the acronym SAM and updated hyperlink to "System for Award Management (SAM)."
2085	Central Accounting Reporting System (CARS) TAS/BETC	Updated hyperlink for "CARS TAS/BETC format and requirements."
2035.05a	Process - New Benefit Recipients	Updated hyperlink to "EFT requirements prescribed in 31 CFR Part 208."
All	Throughout the chapter	Changed the word Agency/Agencies to Federal entity/Federal entities

2015	Authority	Updated the relevant regulations.
2035	Electronic Funds Transfer (EFT) Disbursements - General Guidelines	Updated based on the revised regulation 31 CFR Part 208.
2055	Contract References	Added a note about FAR and DFAR.
2070	Preaudit of Vouchers	Changed some of the language under "Checks"
2075.05a	Debt Collection Improvement Act of 1996 (DCIA)	Added link to TFM Volume I, Part 4, Chapter 4000 for DCIA information.
2080	Payments to Prepaid Accounts	Updated based on final rules in regulation 31 CFR Part 210.
2085	Central Accounting Reporting System (CARS)	Moved section to the Scope section.
Contacts		Changed the contact phone number.