

CHAPTER 16

PAYROLL ACCOUNTING

1. INTRODUCTION.

- a. **Purpose.** This chapter outlines the principles and procedures for preparing payrolls and maintaining pay and leave records for civilian employees of Department of Energy (DOE).
- b. **Responsibilities.** The Department of Defense's Defense Finance and Accounting Service (DFAS) is responsible for establishing the necessary systems, policies, and procedures, for payroll preparation in regards to various laws and regulations described under sections 2(b) and 2(c) of this chapter or as directed by any departmental or service level agreement.

The Department of Energy, Energy Finance and Accounting Service Center (EFASC), and DOE Office of Corporate Information Systems, are responsible for the recording of payroll data, including adjustments and supplements, into the Departmental Standard Accounting and Reporting System (STARS) in accordance with accounting standards, laws, and regulations as applicable.

- c. **Objectives.**
 - (1) Promptly makes payment in the proper amount to all persons entitled to the paid, in compliance with applicable laws, regulations, and legal decisions.
 - (2) Prepare adequate and reliable payroll records.
 - (3) Promptly make accounting for and disposition of all authorized deductions from gross pay.
 - (4) Maintain adequate control over, and provide adequate retention and disposition of, all payroll related documents.
 - (5) Maintain individual pay records to show gross compensation (including allowances) by type and amount, deductions (including allotments) by type and account, and net pay for each period.

2. GENERAL.

- a. Consolidation of payroll operations has been effected by the Office of Personnel Management's (OPM) selection of four providers to furnish payroll services for the Executive Branch of government. DOE has successfully migrated to DFAS under the E-Payroll Initiative. The E-Payroll Initiative was established to standardize and consolidate Government wide Federal civilian payroll services and processes by simplifying and standardizing HR/payroll policies and procedures and better integrating payroll, human resources, and finance functions.
- b. The principles and standards in the Joint Financial Management Improvement Program (JFMIP), Human Resource and Payroll System Requirements (JFMIP-sr-99-5) are applicable as basic requirements to the overall payroll system.
- c. Payroll operations are governed in various respects by regulations issued by OPM; Federal and other taxing authorities; the Department of the Treasury, the Department of State; the Office of Management and Budget (OMB); the Department of Labor; and Comptroller General Decisions. DFAS and DOE are responsible for maintaining system requirements in compliance with all applicable laws and regulations.

3. PRIVACY ACT OF 1974 (Public Law 93-579).

- a. **Information Gathering.** The purpose of the Privacy Act is to provide certain safeguards for individuals against an invasion of personal privacy by establishing certain minimum information gathering standards for all agencies to protect the privacy and due process rights of the individuals. It also ensures the surrender of personal information is made with the informed consent, or with some guarantees, of the users and confidentiality of the information. Additional information can be found in 5 U.S.C 552(a). The Act charges each agency to:
 - (1) Collect, solicit, and maintain only personal information that is relevant and necessary for a statutory purpose of the agency;
 - (2) Permit an individual to prevent records pertaining to him/her obtained by such agencies for a particular purpose from being used or made available for another purpose without his/her consent;
 - (3) As far as practicable, prevent hearsay and inaccuracies by collecting information directly from the people involved; and,

- (4) Inform people requested or required to reveal information about them whether their disclosure is mandatory or voluntary, what uses and penalties are involved, and what confidentiality guarantees surround the information once the Government acquires it.

b. Handling and Processing Personal Information. The Privacy Act establishes certain minimum standards for handling and processing personal information maintained in the data banks and systems of the executive branch, for preserving the security of the computerized or manual system, and for safeguarding the confidentiality of the information. To this end, it requires every department and agency to ensure, by whatever steps it deems necessary, to;

- (1) Keep, disclose, or circulate any information about citizens as accurate, complete, timely, and relevant to the agency's needs as possible;
- (2) Refrain from disclosing information on individuals unless it is necessary for personnel actions, payroll transactions, or other employee duties;
- (3) Refrain from making information available outside the agency without the consent of the employee and proper guarantees, unless pursuant to open-records laws or required for purposes such as law enforcement;
- (4) Take certain administrative actions to keep account of the people and organizations that have access to the system or file and of disclosure and uses of the information;
- (5) Establish and educate employees about the ethical and legal obligations in developing and operating a computerized or other data system and in handling personal data;
- (6) Not sell or rent any names or addresses of people whose files it holds; and,
- (7) Issue appropriate guidance; provide personal sanctions, and establish appropriate technical and physical safeguards to ensure the security of the information system and the confidentiality of the information.

4. **INTERNAL CONTROLS.** An effective system of internal control requires the separation of duties between the payroll and human resource offices. The human resource office shall furnish the DFAS payroll office with authorization for each addition to or deletion from the payroll or change in rate of pay. All changes in payroll must be supported by authorized change documents.
 - a. For employee initiated adjustments, such as savings bond deductions, thrift savings plan deductions, address changes, the employee shall furnish authorization in writing or through the Employee Self Service/ MyPay website. The human resource office, shall maintain a record of the employee's authorization for adjustments submitted in writing, and the Employee Self Service and MyPay systems shall retain records of transactions submitted electronically.
 - b. Personnel performing the payroll accounting activity do not certify time and attendance records.
 - c. Earnings and leave statements are distributed to employees via the MyPay website.
 - d. EFASC ensures that payroll data is processed accurately: that time and attendance records are certified by appropriate DOE officials, and that changes authorized in writing by the human resource office or the employee are reviewed sufficiently to ensure their accuracy and acceptability.
 - e. The Office of Corporate Information Systems provides summary reports of each employee's leave and overtime records to the certifier of the employee's time and attendance records for appropriate review and verification via Employee Self Service.
5. **REVIEW OF PAYROLL OPERATIONS.** It is the responsibility of EFASC to work with DFAS to review payroll operations continually and adjust them to be as efficient, effective, and economical as possible, and ensure that payroll systems are in accordance with all legal requirements.
6. **INTEGRATION WITH THE ACCOUNTING SYSTEM.** The Payroll Labor Distribution System (PLDS) is a collection of programs and processes associated with the DOE Employee Data Repository (DOEInfo). DOEInfo is the departmental system that integrates payroll and personnel data into a single database. PLDS takes input from the Defense Civilian Pay System (DCPS) gross pay reconciliation file (DFAS), the SEET billing files (Department of Transportation), and adjustments entered by EFASC payroll accountants. The STARS Labor Distribution System (LDS) Interface summarizes the DOEInfo

data and creates a file in the STARS accounting flex field format. The file is then loaded into STARS, which records the obligations, costs, and payments related to DOE Employees' salaries and benefits.

7. **ESTABLISHING BASIC PAY.** The Department shall pay the net pay due, biweekly, by electronic funds transfer (direct deposit) to the employee's financial institutions.
8. **ACCOUNTING FOR LEAVE LIABILITY.** Record the liability for annual leave and compensatory leave at the wage at which the leave is earned and adjusted each year to reflect pay increases, unused leave balances, statutory limitations to leave amounts, and to reflect employees transferred in or out during the year. Accrued leave for DOE employees will be recorded as a liability. A liability for sick leave for DOE employees will not be accrued since payment is not made for unused sick leave. For additional information refer to Chapter 11 of the accounting handbook titled, "Liabilities", section 2(b)(3).
9. **ACCOUNTING FOR PAYROLL ACCRUALS.** Unpaid wages and benefits that employees have earned at the close of each accounting period shall be accrued. For additional information refer to Chapter 11 of the accounting handbook titled, "Liabilities", section 2(b)(2).
10. **ALLOWANCES AND DIFFERENTIALS AT FOREGIN, NON FOREIGN, AND REMOTE WORKSITE POSTS OF DUTY.**
 - a. **Foreign Allowances and Differentials**
 - (1) Allowances and Differentials for DOE employees stationed at foreign posts are contained in the Department of State Standardized Regulations "Government Civilians, Foreign Areas." With reference to the circumstances under which allowances and differentials are granted as well as their amounts, the Department of State Standardized Regulations are controlling on DOE. For more information refer to the Department of State website.
 - (2) The human resource office shall use Section 45, "Remarks," of SF-50 "Notification of Personnel Action," to document authorization for payment. Each employee prepares an SF-1190, "Foreign Allowance Application, Grant, and Report," for approval prior to departing to a foreign post of duty to apply for allowances and differentials. Employees and Program Offices shall comply with requirements referenced in the DOE's Office of Human Capital Management Handbook on Overseas Assignments on the Department of Energy Human Capital Management website.

11. OTHER GENERAL PAYROLL INFORMATION.

More information can be found on Basic Pay, Payroll Earnings, Payroll Deductions, Payroll Records, Employee Benefits, Garnishments, Insurances and other general payroll questions at:

- a. The Department of Defense's Defense Finance and Accounting Service (DFAS) website (<http://www.dfas.mil>); and,
- b. The Department of Energy Human Capital Management website (<http://humancapital.doe.gov/>); and,
- c. The DOE Directives, Regulations, and Standards website (<http://www.directives.doe.gov/cgi-bin/currentchecklist>). referenced to DOE O323.1, "Garnishment of Federal Employee's Pay," DOE O 322.1B, "Pay and Leave Administration and Hours of Duty," DOE O 533.1, "Collecting from Current and Former Employees for Indebtedness to the United States," and DOE O 535.1, "Time and Attendance Reporting;" and,
- d. The Department of State Standardized Regulations website (<http://www.state.gov/www/perdiems/dssr/regs000.html>); and,
- e. The Employee Self Service website (<https://mis.doe.gov/ess/>); and,
- f. The Thrift Savings Plan website (<http://www.tsp.gov/>)