

HHS Transmittal: 96.19

Personnel Manual

Issue Date: 7/26/96

Material Transmitted:

HHS Instruction 550-12, Distribution of Federal Salary and  
Other Payments By Electronic Funds  
Transfer

Material Superseded:

None

Background:

The Debt Collection Improvement Act of 1996 (P. L. 104-134) mandates the use of electronic funds transfer (EFT) payments, by July 26, 1996, for all new payment recipients. This Instruction establishes the Department policy and procedures for distributing salary and other payments through the Department of Health and Human Services central payroll system. It also provides the authority to waive the policy upon receipt of written certification from the payment recipient that the recipient does not have an account with a financial institution or authorized payment agent. The Instruction differs from previous policy primarily by limiting the reason a waiver may be granted as required by the new law.

About 95 percent of salary payments to current employees are already being made by EFT. EFT has been found to assure employees of timely deposits, eliminate the risk that checks will be lost or stolen and save the government money.

This issuance applies to all employees who enter on duty on or after July 26, 1996 and is effective immediately. Implementation must be carried out in accordance with applicable laws, regulations and bargaining agreements.

Filing Instructions:

File new material. Post receipt of this transmittal to the HHS Check List of Transmittals and file this transmittal in sequential order after the check list.

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Management and Budget

INSTRUCTION 550-12

Distribution: MS ( PERS ) : HRFC-001

HHS INSTRUCTION 550-12  
DISTRIBUTION OF FEDERAL SALARY AND OTHER PAYMENTS  
BY ELECTRONIC FUNDS TRANSFER

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550-12-00 PURPOSE

This Instruction states the policy and procedures for distributing salary and other payments processed through the Department's central payroll system by the Personnel and Pay Systems Division (PPSD). This Instruction mostly reflects previous Department policy except that the grounds for waiver have been narrowed according to law.

550-12-10 COVERAGE

This Instruction implements some of the provisions of the Debt Collection improvement Act of 1996 (P.L. 104-134) that apply to the wages, salary, and other payments (including, but not limited to, lump sum annual leave payments, supplemental salary payments and awards) that become payable to employees who enter on duty on or after July 26, 1996. Coverage applies when recipients enter into Federal service, transfer from another agency, or resume Federal service after a break in employment. Other parts of P.L. 104-134 require that by January 1, 1999 electronic funds transfer (EFT) will become mandatory for all employees.

550-12-20 REFERENCES

A. The Debt Collection Improvement Act of 1996 (P.L. 104-134)

B. Treasury Financial Management Service interim rule to implement P.L. 104-134 (31 CFR part 208)

550-12-30 POLICY

Salary and other payments processed through the Department's central payroll system shall be made by EFT. Waivers of the policy may only be granted by officials with delegated authority upon receipt of written certification from the recipient that the recipient of the payment does not

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have an account with a financial institution or authorized payment agent. The Department does not have authority to waive the requirement for payment by EFT for any other reason.

550-12-40 PROCEDURES

Employees who enter on duty on or after July 26, 1996 must designate one or more financial institutions or other authorized payment agents. Further, recipients must provide the servicing personnel office with the information such as Taxpayer Identification Number (TIN) and banking information necessary to receive EFT payments through the designated institution(s).

New employees who wish to request a waiver of the requirement that payments will be made by EFT may submit written certification that they do not have an account with a financial institution or authorized payment agent. Operating Division Personnel Officers shall develop procedures for processing waiver requests and ensure accountability for implementation of the provisions of this Instruction.

HHS Instruction 550-12- Exhibit A

DELEGATION OF AUTHORITY TO WAIVE PAYMENT OF SALARY  
AND OTHER PAYMENTS BY ELECTRONIC FUNDS TRANSFER

A. Authority Delegated

1. I hereby delegate to Operating Division Personnel Officers authority to waive the requirement for payment by electronic funds transfer (EFT) of salary, wages and related payments, including but not limited to lump sum annual leave payments, supplemental salary payments and awards, upon receipt of written certification from the recipient that the recipient of the payment does not have an account with a financial institution or authorized payment agent.
2. The Department does not have authority to waive payment of salary and related payments by EFT for employees who enter on duty on or after July 26, 1996 for any other reason.
3. Such waivers are governed by the Debt Collection Improvement Act of 1996 (P. L. 104-1 34), applicable regulations of the Department of the Treasury, and HHS financial and personnel policies and procedures.
4. This authority may be redelegate.

B. Prior Delegations

With respect to employees who enter on duty on or after July 26, 1996, this delegation supersedes the previous delegation to waive mandatory EFT dated December 28, 1994. That previous delegation remains in effect with respect to employees who were on the Department's rolls before July 26, 1996.

C. Effective Date

This delegation is effective on the date of the transmittal hereof.