

CHAPTER 2**MILITARY PAY SYSTEM RECONCILIATIONS**0201 PURPOSE

This chapter describes the requirements and procedures DFAS Centers must follow to ensure the integrity and accountability of the military pay systems under their control.

0202 APPLICABILITY AND SCOPE

This chapter applies to each DFAS Center which maintains a military pay system.

0203 POLICY

The basic tenets of any fiscally responsible pay system include: accurate calculation of entitlements, disbursement only to authorized recipients, and proper summarization and/or reporting of results. To accomplish these objectives, each military pay system must perform periodic reconciliations which verify the validity of the payment and then accurately account for the disbursement. A periodic match between each military pay and corresponding personnel system helps to ensure the propriety of payment to authorized recipients. A gross to net pay reconciliation will provide the checks and balances necessary to verify the accuracy of the system's disbursements and output products.

0204 MILITARY PAYROLL AND PERSONNEL FILE SYSTEM RECONCILIATION

020401. Responsibilities. Each DFAS Center that does not have a shared military pay/personnel database is required to perform a data match and complete reconciliation every two months. The match and reconciliation results must be documented, certified by the applicable DFAS Center Deputy Director for Finance, and retained on file for at least one year.

020402. Requirements. Each military pay/personnel "bump" will match, as a minimum, the following data elements: name, Social Security Number (SSN), pay grade, rank, and if applicable, loss date. Since each DFAS Center interfaces with a unique personnel database, DFAS Centers may supplement the basic reconciliation with additional data elements or do other pay/personnel system integrity checks. Discrepancies resulting from this reconciliation must be resolved before the next systems match is performed.

0205 GROSS TO NET RECONCILIATION

020501. Responsibilities. A gross pay to net pay reconciliation is required monthly to ensure gross payroll entitlements, minus total deductions, equal net disbursements. Each DFAS Center must perform a gross-to-net payroll reconciliation by the end of the calendar month following the payroll month using the data from the month being reconciled. For example, for the payroll period ending March 31, reconciliation must be completed no later than April 30. This

reconciliation must be accomplished using a Military Payroll Disbursement Reconciliation Form (figure 2-1). These forms, and all supporting documentation, must remain on file for at least two years.

020502. Requirements. The Military Payroll Disbursement Reconciliation Form will be used by each DFAS Center to document the gross-to-net reconciliation process. Each DFAS Center’s Deputy Director for Finance must sign this form. Amounts shown on each line of the form should be the net value of all retroactive adjustments made during the month. In addition, each line entry must have supporting documentation. This supporting documentation may be in the form of military pay system output products, file search products, or computations of various system output products. If line entries are a compilation of more than one output product, the DFAS Center will show how the line entry was computed and exactly where (what output product/report and line item) the figures used in the compilation can be found. This process must be documented. All documentation supporting the form must be kept a minimum of two years.

MILITARY PAYROLL DISBURSEMENT RECONCILIATION FORM

DFAS CENTER _____	PAYROLL MONTH _____
1a. CURRENT MONTH ENTITLEMENTS/CREDITS:	
(1) Basic Pay	_____
(2) BAH	_____
(3) BAS	_____
(4) Incentive Pay	_____
(5) Special Pay	_____
(6) Uniform/Clothing Allowance	_____
(7) Advance Pay	_____
(8) FSA	_____
(9) FSH	_____
(10) OHA	_____
(11) COLA	_____
(12) Other Entitlements	_____
(13) Employer Contribution for Social Security Taxes	_____
(14) Employer Contribution for Medicare Taxes	_____
b. Total Current Month Entitlements	_____
c. PRIOR MONTHS UNPAID BROUGHT FORWARD	_____
d. GROSS ENTITLEMENTS/CREDITS	_____ *

Figure 2-1 Military Payroll Disbursement Reconciliation Form

**MILITARY PAYROLL DISBURSEMENT
RECONCILIATION FORM (Cont.)**

2a. CURRENT MONTH DEDUCTIONS/PAYMENTS:

(1) Federal Income Taxes	_____
(2) Social Security Taxes	_____
(a) Employees Contribution for Social Security Taxes	_____
(b) Employers Contribution for Social Security Taxes	_____
(3) Medicare Taxes	_____
(a) Employers Contribution for Medicare Taxes	_____
(4) State Income taxes	_____
(5) Dental Insurance	_____
(6) SGLI	_____
(7) AFRHTF	_____
(8) Repay Advance Pay	_____
(9) Bond Allotments	_____
(10) Allotments (other)	_____
(11) Indebtedness	_____
(12) Garnishment	_____
(13) VEAP/MGIB	_____
(14) Fines and Forfeitures	_____
(15) Other Deductions	_____
(16) Payments	_____
(17) Fines/Forfeitures to Homes	_____
(18) Retired Pay Accrual	_____
b. Total Current Month Deductions	_____
c. CURRENT MONTH UNPAID CARRIED FORWARD	_____
d. GROSS DEDUCTIONS	_____*

Accountable Officer

Signature

* These amounts must equal.

Figure 2-1 Military Payroll Disbursement Reconciliation Form

To ensure uniformity in the reconciliation process, each DFAS Center will use the following line-by-line instructions:

A. Line 1a.(1). Basic Pay. This is the total basic pay credited. It includes any pay forfeited during the month and any increased basic pay earned during a period of service essential to public interests. This amount is net of any absent without leave/unauthorized absence adjustments.

B. Line 1a.(2). BAH. This is the total Basic Allowances for Housing credited during the month.

C. Line 1a.(3). BAS. This is the Basic Allowance for Subsistence total credited during the month.

D. Line 1a.(4). Incentive Pay. This is the total incentive pay credited during the month including: Hazardous Duty Incentive Pay, Aviation Career Incentive Pay, Submarine Duty Pay, Parachute Duty Pay, Flight Deck Duty Pay, Demolition Duty Pay, Experimental Stress Duty Pay, Toxic Fuels Duty Pay, Toxic Pesticides Duty Pay, Dangerous Viruses Lab Duty Pay, and Chemical Munitions Pay.

E. Line 1a.(5). Special Pay. This is the total amount of special pay credited during the month including: Special Pays for Medical, Dental, Veterinarians, and Optometrists; Proficiency and Special Duty Assignment Pay; Hostile Fire or Imminent Danger Pay; Diving Duty Pay; Nuclear-Qualified Officer Pay; Special Pay for Officers Serving in Positions of Unusual Responsibility; Special Pay for Enlisted Members Extending Duty at Designated Overseas Locations; Special Continuation Pay for Aviation Career Officers; Engineering and Scientific Career Continuation Pay; Special Foreign Duty Pay; Special Sea Duty Pay; Special Foreign Language Proficiency Pay; Aviation Retention Bonus Pay; Enlistment/Reenlistment Bonus; and Special Pay for Nurse Corps Officers.

F. Line 1a.(6). Uniform/Clothing Allowances. This is the total clothing, uniform, and equipment allowances credited during the month.

G. Line 1a.(7). Advance Pay. This is the total of Pay and Allowances advanced during the month.

H. Line 1a.(8). FSA. This is the total amount of Family Separation Allowances credited during the month.

I. Line 1a.(9). FSH. This is the total amount of Family Separation Housing credited during the month.

J. Line 1a. (10). OHA. This is the total amount Overseas Housing Allowance credited during the month.

K. Line 1a.(11). COLA. This is the total amount of Cost of Living Allowances credited during the month.

L. Line 1a.(12). Other Entitlements. This is the total of all other entitlements earned during the month. This may include, but is not limited to: Personal Monetary Allowances for qualifying Flag Officers, all types of Separation Pay, Accrued Leave Pay, and Death Gratuities (if applicable).

M. Line 1b. Total Current Month Entitlements. This is the total of lines 1a.(1.) through 1a.(14.) and should represent the total amount of entitlements earned and advanced.

N. Line 1c. Prior Months Unpaid Brought Forward. This is the total amount of all prior months earned but unliquidated entitlements.

O. Line 1d. Gross Entitlements/Credits. This is the total of lines 1b and line 1c. This line represents the Center's total pay liability for that payroll month.

P. Line 2a. (1). Federal Income Taxes. This is the total amount of federal income taxes withheld during the month.

Q. Line 2a. (2). Social Security Taxes. This is the total amount of social security taxes withheld during the month.

R. Line 2a. (2a). Employee's Contribution for Social Security Taxes. This is the total amount of social security taxes applied to employees contribution withheld during the month.

S. Line 2a. (2b). Employer's Contribution for Social Security Taxes. This is the total amount of social security taxes applied to employer's contribution during the month.

T. Line 2a. (3). Medicare Taxes. This is the total amount of Medicare taxes withheld during the month.

U. Line 2a. (3a). Employer's contribution for Medicare Taxes. This is the total amount that the employer contributes to Medicare taxes during the month.

V. Line 2a. (4). State Income Taxes. This is the total amount of state income taxes withheld during the month.

W. Line 2a.(5). Dental Insurance. This is the total amount withheld for dependents dental insurance.

X. Line 2a.(6). SGLI. This is the total amount withheld for Servicemembers' Group Life Insurance.

Y. Line 2a.(7). AFRHTF. This is the total amount withheld from pay for deposit to the Armed Forces Retirement Home Trust Fund (AFRHTF).

Z. Line 2a.(8). Repay Advance Pay. This is the total amount of advance pay repaid during the month.

AA. Line 2a.(9). Bond Allotments. This is the total withheld for Savings Bonds allotments.

BB. Line 2a.(10). Allotments (other). This is the total amount withheld for member allotment payments (other than for savings bonds).

CC. Line 2a.(11). Indebtedness. This is the total amount of member's pay deducted as a result of indebtedness. This does not include indebtedness from garnishment actions or repayment of advance pay.

DD. Line 2a.(12). Garnishment. This is the total amount withheld as a result of garnishment action.

EE. Line 2a.(13). VEAP. This is the total amount withheld for the Veterans Education Assistance Program. MGIB. This is the total amount withheld for the Montgomery GI Bill.

FF. Line 2a.(14). Fines and Forfeitures. This is the total amount of fines and forfeitures withheld during the month. This does not include any amounts to be paid to the AFRHTF.

GG. Line 2a.(15). Other Deductions. This is the total of any other amounts withheld from the member's pay. Other deductions may include, but are not limited to amounts withheld for deposit to the Savings Deposit Program.

HH. Line 2a.(16). Payments. This is the total amount of disbursements reported during the month. This includes mid and end-of-month payrolls, and all transient, casual, partial, one time payments (such as bonuses), and any other local payments posted to the master file during the month.

II. Line 2a.(17). Fines/Forfeitures to Homes. This is the total amount of fines and forfeitures withheld from members pay to be deposited to the AFRHTF.

JJ.. Line 2a.(18). Retired Pay Accrual This is the total amount applied to member's accrued retired pay account for the month.

KK. Line 2b. Total Current Month Deductions. This is the total of lines 2a.(1.) through 2a.(18.). This represents the total amount of deductions and payments made for the monthly reporting period.

LL.. Line 2c. Current Month Unpaid Carried Forward. This is the total amount of entitlements earned during the month, plus total amounts carried forward from previous months, minus all deductions, that were not liquidated during the month. This represents the amount that will be carried forward on line 1c. of the reconciliation form for the following month.

MM. Line 2d. Gross deductions. This is the total of lines 2b and 2c. This represents the total amount of deductions, payments, and earned unliquidated entitlements for the month.

NN. The amounts on line 1d and 2d must equal.