

CHAPTER 8

FOREIGN NATIONAL EMPLOYEES SEPARATION PAY ACCOUNT, DEFENSE

0801 OVERVIEW

080101. Purpose. This chapter provides policy and procedures applicable to the Foreign National Employees Separation Pay Account, Defense.

080102. Background

A. The National Defense Authorization Act for Fiscal Years 1992 and 1993 authorized a trust fund account to accumulate obligations for separation payments to foreign national employees of the Department of Defense. Title 10, U.S.C., section 1581 provides for establishment and operation of the account.

B. Except as provided herein, all separation payments for DoD foreign national employees shall be made from this account. All amounts that were obligated for such separation payments, but not expended before enactment, shall be transferred to this account. Similar amounts obligated after enactment shall also be transferred into this account on a quarterly basis. Amounts in the account shall remain available until expended.

C. This guidance applies to all Department of Defense appropriations. This guidance does not apply to activities under the Defense Business Operations Fund. Business Operations Fund activities shall continue to make necessary foreign national employee severance payments under established Business Operations Fund procedures. This guidance also does not apply to the Foreign Military Sales Trust Fund. FMS Trust Fund activities will continue to accrue and disburse separation pay to their foreign national employees from the FMS Trust Fund.

0802 POLICY AND PROCEDURES

080201. Amounts to be obligated for foreign national employees separation pay shall be determined and calculated at the installation level in accordance with applicable host country agreements. These amounts shall be obligated in the full amount of the liability that accrues during the fiscal year, without regard to whether the amount currently is payable. Disbursement of these amounts shall be made from the Foreign National Employees Separation Pay Account, Defense.

080202. Foreign national employee separation pay accruals (obligations) shall be transferred quarterly to the Foreign National Employees Separation Pay Account, Defense. Such amounts are to be transferred via an SF 1081, "Voucher and Schedule of Withdrawals and Credits."

080203. The Director, Defense Finance and Accounting Service, shall administer the Account as well as perform related accounting functions.

080204. Administrative subdivisions shall be established within the Account for each DoD Component that budgets for foreign national employee separation pay. Deposits into and payments from the Account shall be recorded in the applicable DoD Component's subdivision.

080205. Except for those organizations operating within the Defense Business Operations Fund, all separation payments for foreign national employees from DoD appropriations shall be disbursed from the Foreign National Employees Separation Pay Account. Requests for authorization to disburse from this Account shall be forwarded to the servicing DFAS Center.

080206. The appropriation symbol for the Foreign National Employees Separation Pay Account, Defense is 97X8165. The applicable receipt account is 97X8165.1.

080207. Transfers. Transfers into the Account shall be made as follows:

A. All amounts accrued (obligated) for foreign national employee separation pay liability during each fiscal year by any DoD Component shall be transferred into the Account on a quarterly basis. The SF 1081 will be used to effect such transfers.

B. When required payments from a DoD Component's subdivision of the Account exceed the balance in that Component's subdivision, additional amounts must be obligated, from funds otherwise available to a DoD Component, and subsequently transferred into the Account under authority provided in the National Defense Authorization Act for Fiscal Years 1992 and 1993. Such transfers shall equal the amount of the payment in excess of the balance of the Component's subdivision of the account, plus any amounts that are accrued but not currently payable.

C. Each DoD Component, in conjunction with the Director, Defense Finance and Accounting Service, shall perform at least an annual review of the amounts in its respective Account subdivision and compare such amounts to its foreign national separation pay liabilities. The purpose of this review is to ensure that sufficient funds have been obligated for future payments. If required, additional amounts must be obligated, from funds otherwise available to a DoD Component, and subsequently transferred into the Account under authority provided in the National Defense Authorization Act for Fiscal Years 1992 and 1993. Both parties shall certify to the accuracy of the information. This annual review shall occur each April. The DFAS and the DoD Components also shall maintain an audit trail of accountable records and assure the establishment of an effective internal control system for the entire account.

080208. Deobligations. Each DoD Component shall notify its servicing DFAS Center of all deobligation transactions, adjustments and corrections, in a timely and accurate manner. The respective Center will record adjustments and corrections in the accounting records.

080209. Availability of Deobligated Amounts. Amounts deobligated by the DoD Components shall remain in the Account for a period of two years from the date of deobligation. During that time, the deobligated amounts are to be available for recording, adjusting, and liquidating amounts properly chargeable to the liability of the respective DoD Component. Any such deobligated amount remaining in the Account after the two year period shall be canceled.

0803 SUBSEQUENT DISBURSEMENTS

080301. Validation of Funds Availability. When approved by the Defense Finance and Accounting Service, disbursements for foreign national employee separation payments may continue to be made by local disbursing offices, including the Department of State, using DoD cross-disbursement procedures as applicable. Each DoD Component and non-DoD office, e.g., State Department, must coordinate its disbursement/cross-disbursement actions with the servicing DFAS Center to validate the availability of funds prior to disbursement. A positive balance in the Account is necessary prior to payment; therefore, both DoD and non-DoD activities will verify from the servicing DFAS Center that sufficient funds are available prior to submitting vouchers to servicing disbursing offices for employee payments.

080302. Cross-Disbursements. When cross-disbursement procedures are used, the Defense Finance and Accounting Service shall be advised prior to each actual disbursement.

0804 RESPONSIBILITIES

080401. DFAS-Indianapolis Center. The DFAS Indianapolis Center:

A. Oversees the recording and reporting of all required accounting information. Performs the consolidation of the feeder reports for submission to the DFAS ATTN: DFAS-HQ/G. Performs the required Treasury cash reporting and reconciliation.

B. Maintains a general ledger account structure with necessary subsidiary ledgers to support the various accounts. The detail subsidiary ledgers may remain at the DFAS Center or DoD Component field level activities. However, subsidiary ledgers and an audit trail must be accurately maintained.

C. Processes all accounting transactions through the accounting network in a timely and accurate manner.

D. Provides accurate and timely accounting service to customers, e.g., DoD Components, upon request. Coordinates the accounting process with other DFAS Centers.

E. Based on available information, performs a positive funds control function and alerts the DoD Component when necessary to assure a timely transfer.

F. Provides a point of contact with telephone/fax numbers to the DoD Components.

080402. DoD Components. The DoD Components:

A. Determine the obligation amount and notify the servicing DFAS Center in a timely manner to accomplish the quarterly transfer. This information will be the basis for future SF 1081 processing and for updating the accounting records.

B. Process the SF 1081 and return a copy to the servicing DFAS Center in a timely manner.

C. Manage all pertinent agreements regarding foreign national employees. A copy of all agreements and/or arrangements, including changes and amendments shall be forwarded to the servicing DFAS Center.

D. Notify the servicing DFAS Center of all changes, adjustments, or cancellations of previously reported information at least monthly.

E. Provide the servicing DFAS Center with a Point of Contact, with telephone/fax numbers, and the current mailing address.