

CHAPTER 16
FEDERAL PAYROLL ACCOUNTING

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I. Introduction

I.A. Purpose

This chapter outlines the principles, responsibilities, operating procedures, and other general information for preparing payroll and maintaining pay and leave records for civilian employees of the Department of Energy (DOE).

I.B. Applicability

This chapter applies to all departmental elements that have payroll services furnished by the Defense Finance and Accounting Service (DFAS)¹. This chapter does not apply to contractors for DOE. The Bonneville Power Administration (BPA) and Federal Energy Regulatory Commission (FERC) are excluded from the provisions of this chapter. Both entities maintain policies and procedures governing their payroll servicing.

I.C. Policy

The Office of Personnel Management's (OPM) selected four providers to furnish payroll services for executive branch agencies². DOE payroll processing was migrated to DFAS under the E-Payroll Initiative³. The E-Payroll Initiative was established to standardize and consolidate government-wide federal civilian payroll services and processes by simplifying and standardizing policies and procedures, better integrating payroll, human resources, and finance functions.

I.D. Payroll Responsibilities

I.D.1. Defense Finance and Accounting Service

DFAS and DOE are responsible for maintaining system requirements in compliance with all applicable laws and regulations issued by OPM, federal and other taxing authorities, the Department of Labor, the Department of State, the Department of Treasury, and the Office of Management and Budget (OMB).

DFAS establishes the necessary systems, policies, and procedures for payroll preparation, consistent with DOE's memorandum of agreement with DFAS.

I.D.2. Office of Finance and Accounting

Leads payroll operations and accounting for DOE, coordinating payroll activities with DFAS and the Office of Human Capital Management (HC).

I.D.3. Office of Corporate Business Systems

Manage systems to support payroll operations, including appropriate interfaces with DFAS and HC systems.⁴

I.D.4. Office of Human Capital Management

Process salary and benefits actions that determine the amounts to be paid and the amounts withheld from salary.

I.D.5. Departmental Elements

Departmental elements manage and monitor their salary and benefit expenses as part of the budget execution process, in accordance with DOE Order 130.1A, *Budget Planning, Formulation, Execution, and Departmental Performance Management*.

II. Payroll Operations

II.A. DFAS Payroll System

DFAS records payroll data, including adjustments and supplements, into the Defense Civilian Payroll System (DCPS) in accordance with laws and regulations, as applicable. DFAS performs the following functions consistent with its memorandum of agreement with DOE:

- II.A.1.** Pay the net pay due, biweekly, by electronic funds transfer (direct deposit) to the employee's financial institutions.
- II.A.2.** Promptly process accurate payments to all persons entitled subject to compliance with applicable laws, regulations, DOE policies, and legal decisions.
- II.A.3.** Prepare accurate and timely payroll records.
- II.A.4.** Promptly record accounting entries for the disposition of all authorized deductions from gross pay.
- II.A.5.** Maintain control over the retention and disposition of payroll related documents.
- II.A.6.** 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.
- II.A.7.** Review payroll operations continually, adjusting for efficiency, effectiveness, and economic soundness to ensure that DFAS' payroll systems comply with all legal requirements.

II.B. Power Marketing Administration Payroll Operations

The payroll accounting for Southeastern Power Administration (SEPA), Southwestern Power Administration (SWPA), and Western Power Administration (WAPA) is processed through DOE's Automated Time and Attendance Production System (ATAAPS), DOE's payroll reporting system.

For these entities, DOE does not process or post payroll costs because the entities do not use DOE's core accounting system, Standard Accounting and Reporting System (STARS). Payroll costs for SEPA,

SWPA, and WAPA are processed through G-Invoicing to DOE Headquarters.⁵

II.C. Internal Controls and Segregation of Duties

II.C.1. DOE Initiated Payroll Changes

An effective system of internal controls requires the separation of duties between the payroll and human resource offices. HC must document all changes in payroll and deductions and communicate those changes to DFAS according to current procedures.

The Office of Finance and Accounting (OFA) payroll team does not have any authority over the establishment of pay rates. Actions related to pay are processed through the Corporate Human Resources Information System (CHRIS) by DOE Resource Managers (or equivalent) personnel⁶.

II.C.2. Employee-Initiated Adjustments

For employee-initiated adjustments, such as Thrift Savings Plan (TSP) and address changes, the employee shall furnish authorization in writing or through the Department of Energy's Employee Self Service (ESS) site or the myPay site, as applicable.

II.C.2.i. HC shall maintain a record of the employee's authorization for benefit adjustments submitted in writing in the employee's electronic Official Personnel Folder (eOPF), which is the electronic successor to Standard Form 66.

II.C.2.ii. DOE retains electronic records of transactions submitted via ESS and myPay systems.

III.C.2.iii. OFA shall maintain a record of the employee's authorization for deduction adjustments submitted in writing.

II.C.3. Segregation of Duties

Segregation between payroll accounting and time and attendance certification personnel performing the payroll accounting activity do not certify time and attendance records.

II.C.4. Information Provided to Employees

Earnings and leave statements are made available to employees via the myPay website. Employees are responsible for verification of leave and earnings information and must timely notify their supervisor and payroll accounting officer of any errors noted on their leave and earnings statements.

II.D. Accounting

II.D.1. Recording Time and Attendance

DOE utilizes ATAAPS, a DFAS system, to record time and attendance and charge salary costs to the appropriate funding source. Requirements for recording time and attendance are specified in DOE Order 322.1C Chg.1., *Pay and Leave Administration and Hours of Duty*.

II.D.2. Charging Payroll Costs to the Appropriate Funding Source

II.D.2.i. OFA establishes ATAAPS work center, task, and job order codes to allow the payroll system to charge costs to the appropriate budgetary funding source.

II.D.2.ii. OFA maintains accounting codes in ATAAPS and the related task table in DOEInfo. OFA payroll accountants enter adjustments in DOEInfo and run a series of STARS Labor Distribution System interfaces to record salary and benefits data into STARS.

II.D.2.iii. OFA may establish task codes within ATAAPS to allow individuals to charge the time to a departmental element outside of their assigned organization. Departmental elements must ensure that individuals are allocating their payroll expenditures to the correct task codes. As needed and upon request, OFA removes ATAAPS task codes deemed invalid or no longer available for use.

II.D.3. Verification of Payroll Data

II.D.3.i. OFA ensures that payroll data is processed accurately, confirming that time and attendance records are certified by appropriate DOE officials. OFA verifies that electronic documents received or collected from HC or the employee are reviewed to ensure their accuracy and acceptability before submitting to DFAS.

II.D.3.ii. Office of Corporate Business Systems provides summary reports of each employee's time and attendance records to their assigned certifier for review and verification via ESS.

II.D.4. Budget Execution

Departmental elements may utilize the following information to manage budget execution for salary and benefits costs.

II.D.4.i. Payroll expenditure information is available from the DOE Accounting System (STARS) for most departmental elements. STARS generates aggregate payroll

expenditure data in obligation, cost, and payment reports arranged by departmental element.

- II.D.4.ii.** Payroll information is also available from DOEInfo. DOEInfo reports show various levels of employee information for a given organization. These reports are run by employee organization, not funding source.
- II.D.4.iii.** Information is also available from the Payroll Labor & Distribution System (PLDS). PLDS reports may be generated by an approved financial plan fund type and show all charges to a fund code regardless of the employee's organization. DOE departmental elements can monitor any payroll expenses incurred by employees assigned to another organization. PLDS reports show salary and benefits charges for any program that has established ATAAPS task codes and allows another program's employees to bill the program for hours worked.

Access to PLDS system is provided as appropriate by the OFA payroll team.⁷

II.D.5. Reporting Non-cash Fringe Benefits

Internal Revenue Service (IRS) regulations require certain non-cash fringe benefits to be included in employee taxable wages. In accordance with current guidance provided by the OFA payroll team, departmental elements must provide OCFO with information on non-cash fringe benefits for inclusion in the taxable wages of its federal employee.

III. Acronyms

ATAAPS	Automated Time and Attendance Production System
BPA	Bonneville Power Administration
CHRIS	Corporate Human Resources Information System
DCPS	Defense Civilian Payroll System
DFAS	Defense Finance and Accounting Service
DOE	Department of Energy
eOPF	Electronic Official Personnel Folder
ESS	Employee Self Service
FERC	Federal Energy Regulatory Commission
HC	Office of Human Capital Management
IRS	Internal Revenue Service

OCFO	Office of the Chief Financial Officer
OFA	Office of Finance and Accounting
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PLDS	Payroll Labor & Distribution System
SEPA	Southeastern Power Administration
STARS	Standard Accounting and Reporting System
SWPA	Southwestern Power Administration
TSP	Thrift Savings Plan
WAPA	Western Power Administration

IV. References

- IV.1.** DOE Order 130.1A, *Budget Planning, Formulation, Execution and Departmental Performance Management*, which establishes policies and responsibilities for Department of Energy (DOE) Budget Formulation, Execution, and Funds Control in accordance with Office of Management and Budget (OMB) policy and applicable federal laws.
- IV.2.** DOE Order 206.1A, *Department of Energy Privacy Program*, which implements the Privacy Act of 1974 (Public Law 93-759) at DOE and establishes certain minimum standards for handling and processing personal information, for preserving system security, and for safeguarding the confidentiality of privacy act information.
- IV.3.** DOE Order 322.1C Chg 1, *Pay and Leave Administration and Hours of Duty*, establishes requirements and responsibilities for the management of pay, including overtime pay and compensatory time, leave administration, time and attendance reporting, and hours of duty.
- IV.4.** DOE Order 323.1 Chg 1, *Garnishment of Federal Employee's Pay*, outlines responsibilities and requirements for the garnishment of DOE employee pay.
- IV.5.** DOE Order 533.1A, *Current and Former Employee Debts Owed to the United States*, provides polices for establishing and collecting employee debts and, when appropriate, the suspension, compromise, or waiver of employee debts.

- IV.6.** *HC Policy Memoranda and desk references are available at the DOE Office of the Chief Human Capital Officer website (<https://www.energy.gov/hc/hc-policy-and-guidance>).*
- IV.7.** The Office of Allowances in the Bureau of Administration develops and coordinates policies, regulations, standards, and procedures to administer the government-wide allowances and benefits program abroad under the Department of State Standardized Regulations (DSSR). Guidance issued by the U.S Department of State covers DOE employees stationed overseas.

¹ DFAS is a subcomponent of the Department of Defense.

² OMB Memorandum M-03-05, *Consolidating and Standardizing Federal Civilian Payroll Processing*

³ DOE migration to DFAS as its payroll servicer occurred during fiscal year 2003.

⁴ See section III.B of Chapter 4 of the Financial Management Handbook for a description of relevant financial systems.

⁵ See section VIII of Chapter 13.1 of the Financial Management Handbook chapter for a description of the use of G-Invoicing for interagency agreements, and see section 1.c of chapter 12 of the DOE Financial Management Handbook for a description of inter-entity transactions with DOE elements that do not utilize the STARS accounting system.

⁶ DOE Resource Managers (or equivalent) personnel use Standard Form (SF) 52, Request for Personnel Action, to initiate personnel activities via CHRIS.

⁷ Access to PLDS may be requested through DOE's Employee Self Service website.