

2nd Draft
HNL/jah
11/21/55

October 1955

Document No. <u>2</u>	Finance -
No Change In Class. <input type="checkbox"/>	Fiscal -
<input type="checkbox"/> Declassified	TAS -
Class. Changed To: TS <u>S</u> <u>(C)</u>	
Auth.: <u>HR 70-2</u> 1978	
Date: <u>3 OCT 1978</u>	By: <u>o/c</u>

Comptroller Instruction No. _____
SUBJECT: General - Social Security

Specific - Responsibilities of the Comptroller in the Administra-
tion of the Social Security Program for Agency Employees

REFERENCE: Headquarters Regulation

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1. PURPOSE AND SCOPE

It is the purpose of these instructions to set forth the procedures necessary to carry out the Comptroller's responsibilities in the administration of the Agency's program for providing social security coverage for Agency employees mandatorily covered by the Social Security Act, and for self-employed personnel for whom the Agency is handling social security payments.

2. RESPONSIBILITIES OF THE COMPTROLLER

- a. To withhold social security taxes from the salaries of employees covered by the Social Security Act and to transmit quarterly to the Internal Revenue Service an amount representing the sum of taxes withheld and the Agency contribution.
- b. To obtain an executed Form SS-5, "Application for Social Security Account Number," from each employee *concerned*.
- c. To retain each executed Form SS-5 in a secure manner until the death or separation of the employee *concerned*.
- d. To establish and maintain a name register of employees subject to social security deductions by the Agency and assign a code number for each employee for use on the individual record of earnings.
- e. To maintain a record for each employee *concerned* of the quarterly earnings on which social security tax deductions are based.

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- f. To furnish, upon request of the employee concerned, the amount of the employee's wage credits under the social security program.
- g. To forward upon the death or separation of the employee concerned the Form SS-5 and the individual record of quarterly earnings to the Office of Personnel
- h. To furnish [REDACTED] the Bureau of Social Security following the close of each quarter with a certification as to the amount of taxable earnings paid during the quarter and the amount of social security tax including Agency contribution which was included in remittances to the Internal Revenue Service.
- i. To perform such of the foregoing functions as are applicable with respect to self employed personnel for whom the Agency is processing social security payments.

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3. PROCEDURES

a. Withholding Taxes and Remitting Payments to Internal Revenue Service

- (1) Each payroll office shall be responsible for withholding social security taxes from the salaries of employees covered by the Social Security Act. Such withholdings shall be made as of the effective date of coverage as indicated in ^{an} ~~the~~ advice received from the Office of Personnel. Withholdings shall continue until effective date of discontinuance of coverage as indicated in an advice received from the Office of Personnel.
- (2) Withholdings shall be at the rate applicable to the current calendar year as prescribed by the Social Security Act and shall be based in ^{generally} ~~the usual case~~ upon the same wage base ^{the} up to maximum wage limitation may be prescribed by the Act as is used for Federal Income Tax withholdings.
- (3) The procedures followed for making payments to Internal Revenue Service

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~~for making~~ for Social Security Taxes withheld and the Agency contribution shall be the same as those followed in making payments for Federal income taxes withheld. In preparing Form 941, "Employee's Quarterly Tax Return" in connection with the quarterly remittance the amount of Social Security Tax and Agency contribution will be merged without identification with the amount of Federal ^{Income} ~~union~~ Taxes withheld.

- (4) Form W-2, for employees subject to social security deductions during any part of the year, will be prepared in such a manner as to show the amount of deduction on the copies of the form going to the employee and on the copy retained by the Agency; the amount of social security deductions will be omitted from the copy which is furnished the Director of Internal Revenue.

b. Execution of Form SS-5: Application for Social Security Account Number

- (1) Each payroll office shall be responsible upon receipt of advice that an employee is subject to social security deductions for initiating, through appropriate channels, a request for execution of Form SS-5, in cases where the advice is not accompanied by an executed Form SS-5. ~~Appropriate~~ follow-up will be established to obtain the executed Form SS-5 in a reasonable period of time.
- (2) Each payroll office as it receives executed Forms SS-5 shall review them to confirm that they have been executed in true name and are otherwise complete except that the date, name of the employer, and age and mailing address of the employee will not be shown. Forms which indicate that the employee has previously applied for a Social Security Account Number should reflect the account number assigned.

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Forms SS-5 deficient in any of these respects will be returned through appropriate channels with a request for correction or execution of another form, whichever is necessary.

c. Retention of Executed Forms SS-5:

- (1) Each payroll office shall retain executed Forms SS-5 in a secure manner until the death or separation of the employee concerned.
- (2) The forms may be filed either separately from other documents in alphabetical order or in the individual personnel files maintained by the payroll office.
- (3) In cases where the employee is transferred from one payroll office to another, the Form SS-5 also should be transferred.

d. Establishment and Maintenance of Employee Name Registers

- (1) Each payroll office shall establish and maintain an alphabetical card index file of the ^{Each} true name of ~~employee~~ subject to social security deductions by the Agency. A code number will be assigned for each name added to this file, and the number will be reflected on the name card. This code number will be used by the Machine Records Division to identify the individual ~~record~~ of quarterly earnings.

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Approved For Release 2001/08/09 : CIA-RDP78-05252A000100080002-8

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- (b) The Social Security Taxable Wage file shall include a separate card each quarter, for each employee having earnings during the quarter subject to social security taxes. This card will reflect the following information:

1. Social security code number
2. Total earnings during the quarter subject to social security deductions
3. Identification of the quarter involved, e. g. 9-55, 12-55, 3-56 etc.
4. Total self-employment earnings for the calendar year on which social security tax is paid [REDACTED]
5. In self-employment cases, identification of the calendar year involved, e. g. 1955, 1956, etc.
6. Identification as to the quarter for which the tax ^{is to be} ~~was~~ reported (Form 941) to Internal Revenue Service in cases where such quarter is different than the quarter in which the earnings were paid.
7. Cumulative amount of taxable earnings through the end of each calendar year of covered employment under each social security code number. This information ^{should} would be reflected in the card for the 4th quarter in other than self-employment cases.

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(d) MRD will maintain for the purpose of processing the Social Security Taxable Wage file, a social security cross reference file. This latter file will consist of a single card for each employee for whom a Social Security Taxable Wage record is being maintained. This card will include the following information:

Employee name (as on the payroll)
Employee number
Social Security code number

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Cards will be added to this file as the Machine Records Division is notified that employees are subject to social security deductions.

Cards will be withdrawn from this file at the time the Social Security Taxable Wage cards are withdrawn and listed for a requesting payroll office following the death or separation of the employee concerned.

- (d) MRD shall accumulate the necessary detail cards for the quarterly processing of the Social Security Taxable Wage file from punch cards prepared under ~~current~~ ^{current} procedures for payroll purposes or ~~for~~ ^{for} Form W-2 ~~prepared~~ ^{purposes} as they are processed for the respective payroll offices. This operation will necessitate the reproduction of the following information from any such punch cards which reflect social security deductions:

Employee number

Payroll identification

Gross earnings (should normally be the same as taxable wages subject to social security deductions)

Social Security deduction

1. These reproduced cards will then be matched against the social security cross reference file and the social security code number will be punched into the card.
2. A control on (a) the accumulation of all cards involved during a period and (b) the accuracy of the social security deduction and the amount of taxable wages on which the deductions are based shall be accomplished by the preparation at least quarterly, of listings for each payroll office showing for each employee gross earnings and social security deduction each pay period; each listing shall reflect subtotals of gross earnings and social security deductions for each employee and grand totals of these items for each payroll. These listings will be furnished the payroll office concerned for any corrections necessary.

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3. Upon ^{return} receipt of the corrected listings ^{by} from the payroll offices⁵ MRD will correct the detail cards to conform with changes indicated. MRD will process all of the detail cards for a quarter and prepare a Social Security Taxable Wage card for each employee. These cards will be listed with subtotals on the taxable wage amount for each payroll office. This listing will be routed to the Payroll and Travel Branch, Finance Division through the Payroll Branch, Fiscal Division, Agent Service Section, and Finance Division for verification of ^{sub-} totals and ^{for of the grand total in} entry to the memorandum control account.

- (e) MRD shall furnish a complete listing of the Social Security Taxable Wage file to the Payroll and Travel Branch, Finance Division at the end of each calendar quarter for reconciliation with the memorandum control account.
- (f) Social Security Taxable Wage cards for self-employed individuals will be prepared by MRD on the basis of schedules to be provided by the Agent Service Section, Finance Division.
- (g) At the end of each calendar year after it has been determined that the Social Security Taxable Wage file is in balance the file will be processed to reflect the cumulative amount of taxable earnings for each individual in the latest earnings card.
- (h) MRD, following the close of each calendar year, will provide each payroll office with a listing which will reflect for each social security code number represented in the taxable wage file, the ^{related} employee number and name.

(2) All Payroll Offices

- (a) Upon receipt of listings from MRD of social security deductions applicable to the current quarter, process to determine that the

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total deductions are reconcilable to the Agency liability for social security taxes as established for the period, and that the taxable wages as listed are correct. The listings will be corrected as necessary and returned to MRD to provide MRD with a proper basis for processing the Social Security Taxable Wage file for the current quarter. In cases where the listing reflects a social security deduction ^{or adjustment} that relates to wages paid in a prior quarter, it will be necessary to furnish MRD with information as to the quarter in which the wages were paid.

- (b) Upon receipt of listings of the quarterly taxable earnings, ^{for each employee,} verify ^{are} that the total earnings ~~is~~ reconcilable to the sum of the social security deductions and the Agency contribution for the quarter as reflected in the general ledger account involved.
- (c) Upon receipt of ^{annual} listings of social security code numbers under which records are being maintained by MRD, review to ascertain that none of the records involved should have been forwarded to BOASI by reason of death or separation of the employee; verify also that an executed SS-5 is in file and that the social security code number is correctly listed.

(3) Payroll and Travel Branch, Finance Division ^{above}

In addition to the functions ^{above} listed for all payroll offices, this payroll office shall be responsible for the maintenance of the accounting control over the Social Security Taxable Wage file. New memorandum Account No. 780 - "Social Security Taxable Wage Credits" is established for this purpose; Account No. 799 - "Memorandum Accounts Control (Credit)" is revised to provide that it may be a credit or debit balance memorandum account as

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appropriate. Descriptions of the new account and the revised account are attached.

(4) Agent Service Section

In addition to the functions listed for all payroll offices, this payroll office ^{shall} will prepare annually a schedule of self-employment earnings and the related social security tax which is remitted to Internal Revenue Service [REDACTED] This

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schedule will reflect social security code number and self-employment earnings ^{for each individual involved} and will be furnished MRD for the preparation of punch cards for the Social Security Taxable Wage file. MRD listing of such punch cards will be reviewed to verify that the earnings are reconcilable to the social security taxes involved.

f. Furnishing Information Concerning Wage Credits

Employee requests for information concerning social security taxable wage credits shall be directed to the payroll office concerned. The payroll office will obtain the desired information from MRD and will furnish it to the employee.

g. Forwarding Social Security Taxable Wage Record and Form SS-5 Upon Death or Separation of an Employee

- (1) Each payroll office shall be responsible in connection with clearance reviews made in connection with the death or separation of Agency employees for ascertaining whether the employee has had social security coverage during any period of his employment with the Agency, including an self employment coverage which may have been reported [REDACTED]

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[REDACTED] In death cases, an immediate request will be made of MRD for a listing of the employee's taxable wage credits; in separation cases, a single request will be made at the end of each quarter for listings in connection with all employees whose last

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wage payment was made during the quarter. Upon receipt of listings from MRD, the executed Form SS-5 will be withdrawn from file for each employee concerned and the SS-5 and the wage listing for each ^{directly} employee shall be forwarded/to the Personnel Office which office will assume responsibility for obtaining clearances of the Operating Official concerned, the Central Cover Branch, DD/P, and the Office of Security, respectively and for forwarding the records to BOASI.

(2) Machine Records Division

- (a) MRD, upon receipt from the respective payroll offices of the quarterly requests for listings on separated employees will prepare a listing for each code/number involved reflecting the taxable earnings for each quarter in chronological order. The ^{related/listing on} total of each listing will be compared with/the last listing of the Social Security Taxable Wage file. In death cases, MRD before preparing the listing shall take appropriate steps to ascertain the amount of taxable wages paid during the current quarter and prepare a social security taxable wage card for the partial period for inclusion on the listing of social security taxable wage cards for prior quarters.
- (b) In all cases an original and one copy of the listing/^{for each individual} will be forwarded to the Payroll and Travel Branch, Finance Division as support for a journal entry to reduce the balance of the memorandum control account. The requesting payroll office will also be furnished with the payroll name applicable to each social security number for which a record is furnished.

h. Certification to BOASI of Taxable Earnings and Social Security Taxes Remitted to IRS

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The Payroll and Travel Branch, Finance Division shall be responsible for the preparation each quarter of a certification based upon information obtained from the respective payroll offices of the amount of social security taxes included in the amounts reported and remitted to Internal Revenue Service by the Fiscal Division and by the Agent Service Section as Federal Income Taxes withheld. The certification also should indicate the related amounts of (1) taxable wages and (2) self-employment earnings as separate amounts; the latter amounts should be in agreement with increments to the memorandum control account no. 780 - "Social Security Taxable Wage Credits" for the corresponding period. The Payroll and Travel Branch in preparing this certification will apply the applicable tax rates involved to the reported amounts of taxable wage and self-employment earnings respectively to be certain that the result is in agreement with the reported amount of social security tax. This certification shall be in the form of a letter to a cleared official of BOASI which will be signed by the Deputy Comptroller.

i. Self-employed Personnel

The foregoing procedures, in cases where no specific reference is made to self-employed personnel for whom the Agency processes Social Security Payments shall be considered as applying also to such personnel to the extent applicable.

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ATTACHMENT

780 - Social Security Taxable Wage Credits

This credit balance memorandum account will be maintained to provide an accounting control over the taxable wage records of Agency employees which are maintained internally by the Agency on behalf of BOASI. This account will be credited following the close of each calendar quarter with the total wages paid by the Agency during the quarter which were subject to social security deductions. This account will be credited once each year with the amount of self employment earnings of employees on which social security taxes are paid through the Covert Tax Unit. This account will be debited periodically for the amount of taxable wage credits which are reported to BOASI upon the death or separation of Agency employees. A listing of the Social Security Taxable Wage file will be prepared following the end of each calendar quarter for reconciliation to this account.

Journal Entries:

799 Memorandum Accounts Control (Debit or Credit)

This debit or credit balance memorandum account will be in contra to all debit and credit balance memorandum accounts.

Journal Entries: (57) (58) (59) (60)

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