Chapter 2 - Expenditure Accounting

Payment Vouchers2-26

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Chapter 2 - Expenditure Accounting

This chapter describes the purchasing/disbursement cycle. It is organized as follows:

- Overview
- Key Concepts
- Requisition (Exclusively handled through AGPS)
- Purchase Order
- Payment Voucher
- Recurring Payment Voucher Facility
- Manual Warrant
- Automated Disbursements
- Check Voids
- Special Features
  - -- Outstanding Check Reconciliation
  - -- Lien and Levy Processing
  - -- Backup Withholding
  - -- Vendor 1099 Processing

Overview

The purposes of the expenditure module are:

1. To provide a mechanism by which managers can procure goods and services required to carry out their functions; and

2. To exercise control over spending and to account for the goods and services purchased for both financial and cost accounting purposes.

The four accounting events represented in the expenditure process are:

- **Requisition (Pre-encumbrance).** A request for procurement represents the intent to incur an obligation. Requests for procurement can be useful accounting information for internal management purposes. They are recorded in the accounting system as pre-encumbrances. They do not represent legal obligations of a government. Requisitions are exclusively processed in AGPS.

- **Purchase Order (Encumbrance).** A purchase order in AFS may represent a reservation of an agency's budget for a particular purpose: for example, utility payments. They are reductions in the amount available for spending when budgetary controls are being used.

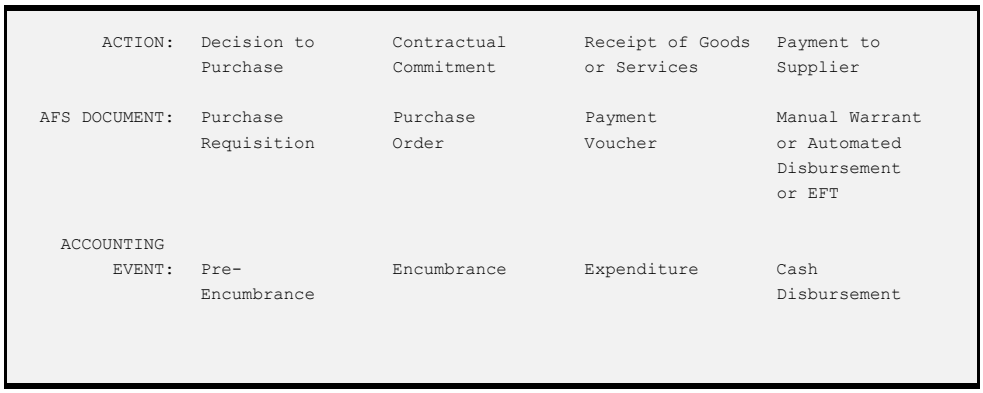
- **Receipt of Goods or Service (Expenditure).** The acceptance of a delivery of goods or services by an authorized individual represents the initial point at which

liability for payment is incurred. Generally, liabilities are recorded on the basis of vendor's invoices.

- **Payment (Cash Disbursement).** Generally, payment represents the liquidation of a liability and the final event in the purchasing process. In AFS, payment can be accomplished in one of three ways: 1) manually by issuing a manual warrant or check, 2) automatically through the use of the automated cash disbursement capability, or 3) automatically using the electronic funds transfer capability.

Figure 2-1 shows these steps and the related accounting events in AFS.

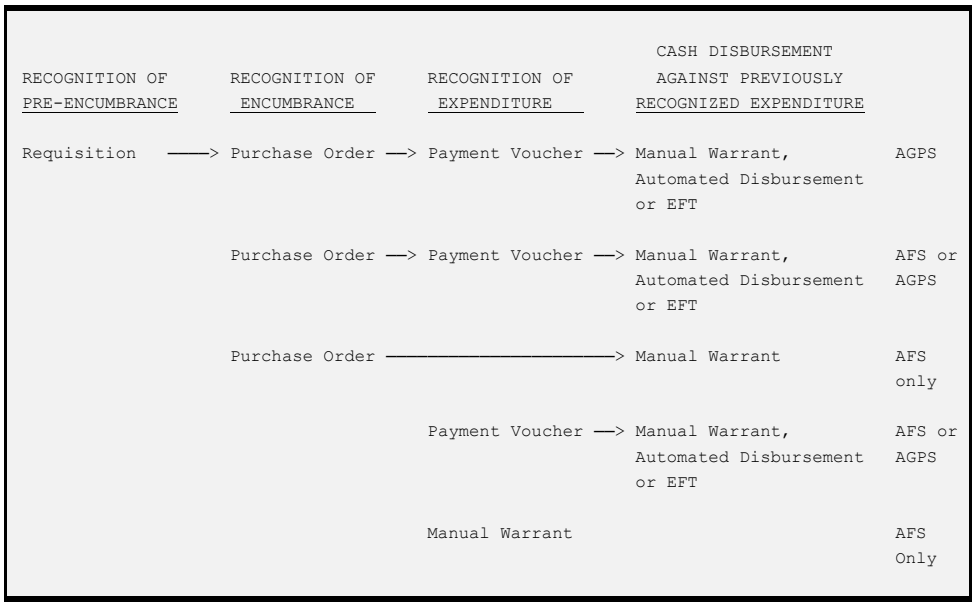
Figure 2-1
Purchasing & Expenditure Accounting Steps



All four steps need not be recorded for every purchasing event; several different processing chains are supported in AFS to accommodate various accounting procedures, paper flows, and circumstances surrounding individual purchasing events. Figure 2-2 illustrates the processing chains acceptable in AFS and AGPS.

Each step in the chain is explained in detail in subsequent sections of this chapter. The rest of this section discusses topics that apply generally to the expenditure process.

Figure 2-2
Alternative Processing Chains - Expenditure Accounting



Definition of Terms

The following terms are used throughout this chapter:

Closed Amount. The amount that has been closed to date against an open item (for example, the amount from a requisition that has been referenced on a purchase order). When the item is finally closed and no further activity is to occur against it, a closed date is assigned to the open item and the closed amount indicates that the total open item amount has been closed. Until the item has been closed, the expended amount will equal the closed amount.

Committed Amount. The sum total of pre-encumbrances, encumbrances, and expenditures.

Discount Type. A code used on payment voucher transactions to indicate that a discount may be taken against the line amount of the transaction if a corresponding cash disbursement is made within a specified number of days. Discount parameters, including number of days, are defined by discount type on Discount Type (DISC).

Electronic Funds Transfer (EFT). A transfer of funds electronically from buyer to seller through bank notification.

Encumbered Amount. The amount submitted on a purchase order document.

Expended Amount. The amount submitted on a payment voucher, manual warrant, warrant voucher, or expenditure journal voucher transaction.

Expenditure. An AFS account type (23), used when items and services are purchased and used near enough in time to make it unnecessary to separate the two events.

Expense. An AFS account type (24), used when previously acquired goods or services are used, such as depreciation, receipt of pre-paid items, and depletion of inventories.

Internal References. Used on transactions when both the seller and the buyer are included, and both are within the government. On expenditure transactions, the references are the fund and agency of the seller.

Object of Expenditure. Any item or service on which funds are spent.

Obligations. The sum total of encumbrances and expenditures.

Outstanding Amount. For an open item, the difference between the line amount and the closed amount for that line.

Pre-encumbered Amount. The amount submitted on a requisition transaction.

Scheduled Payment Date. Every payment voucher is assigned a scheduled payment date -- the date on which payment is to be automatically triggered by the system. The scheduled payment date for a voucher will be: the date coded on the payment voucher, if any; or, if not coded, the scheduled payment will default to the system payment lag, as specified in System Control Options (SOPT). In Louisiana, the system payment lag is set to 30 days. Scheduled payment dates can always be overridden or changed by persons with appropriate security authority.

Tolerance Percent. The percentage used to calculate an upper limit to purchase order closing amounts. A system-wide tolerance is specified in System Control Options (SOPT). The system-wide tolerance may be overridden for a given fund by specifying a tolerance amount or percent for that fund in Fund (FUN2).

Key Concepts

Referencing Facility

The various steps in expenditure accounting that apply to the same purchasing event are linked together in AFS by referencing the preceding document. For example, when a payment voucher is entered against a previously entered purchase order, one of the items coded on the payment voucher can be the document ID identifying the purchase order. In the same manner, manual warrants may reference payment

vouchers or purchase orders entered in AFS. This referencing facility accomplishes two purposes:

- It ensures that funds are obligated only once for a particular item or service.
- It ensures that financial records are not cluttered with dangling purchase orders, and payment vouchers.

This referencing facility is built into AFS; most expenditure accounting transactions have fields specifically for preceding document references.

Since checks can be written for partial amounts of total purchases, several payment vouchers, manual warrants, or a combination of both may reference one purchase order.

Documents referencing a transaction that originated in AGPS must also be entered in AGPS. Likewise, documents referencing a transaction that originated in AFS must also be entered in AFS.

Open Item Tables

Outstanding requisitions, purchase orders, and payment vouchers are maintained on the following open item tables:

- Open Requisition Inquiry (OPRQ)
- Open Requisition Line (OPRL)
- Open Purchase Order Header Inquiry (OPOH)
- Open Purchase Order Line Inquiry (OPOL)
- Open Payment Voucher Header Inquiry (OPVH)
- Open PV Line Inquiry (OPVL)

These tables are system-maintained and cannot be changed online by users. In order to change an entry in any of these tables, a modifying transaction must be entered that will reflect the desired changes. The information in the tables is available to users either through reports or by access on their terminals using the Master Table Inquiry facility (explained in the *ISIS/AFS Online Features*).

Transactions are added to open item tables when the document recording the transaction is accepted by AFS. For example, when a Requisition (RQ) is accepted, a line is added to Open Requisition Inquiry (OPRQ) and Open Requisition Line (OPRL). If modifications are made to the requisition, the corresponding line in the table is updated to reflect the modification.

Items are stored in open item tables as soon as the document recording the transaction is accepted by AFS. A purge process run by the System Administrator on a regular basis (schedule to be determined by OSRAP) reduces the size of the tables. The purge process affects open item tables in the following ways:

- Open items and partially closed items are not affected by the purge process.

- Payment vouchers, purchase orders and requisitions which have been marked closed are removed from the tables based upon a date parameter as specified by OSRAP. For instance, the date parameter could be set so that all items which have been closed for more than 90 days are removed from the tables. Items can be removed from the tables based on different parameters. For instance, requisitions and purchase orders can be removed based on a different date parameter than payment vouchers. Also, requisitions and purchase orders from the Contract Financial Management System (CFMS) are purged on a different basis than the requisitions and purchase orders from AGPS and AFS.

More information about the purge process can be found in the *ISIS/AFS User Guide, Volume II, Chapter 5- Accounting Period Clearing and Closing.*

The contents of each open item table are explained later in this chapter under the section that addresses the transaction related to the specific table (for example, a discussion on Open Requisition Inquiry may be found in the section on Requisitions).

Open Item Ledgers

All expenditure transactions are posted to the Current Detail General Ledger (GENLED). In addition, open purchase orders and payment vouchers are also maintained in the following ledger files:

- Open Purchase Order Ledger File (POOPEN)
- Open Payment Voucher Ledger File (PVOPEN)

These ledgers contain a separate record for each detail transaction (original entry) and for each modification made to the original entry, for purchase orders and payment vouchers. These ledgers also contain a separate record for each referencing transaction. For example, in the Open Purchase Order Ledger file, a Payment Voucher that references a Purchase Order is also stored in the Open Purchase Order Ledger. Any Manual Warrant or Automated Disbursement (check) that references a Payment Voucher is also stored on the Open Payment Voucher Ledger. These referencing transactions are stored in the appropriate Open Items Ledger until the Purchase Order or Payment Voucher is purged from the Ledger, at which time the referencing transactions are also purged from the Ledger. This provides a complete inception-to-date tracking capability on open purchase orders and payment vouchers for reporting purposes.

More information on the purge process for the Open Items Ledgers can be found in the *ISIS/AFS User Guide, Volume II, Chapter 5- Accounting Period Clearing and Closing.*

Other Tables

Besides the Open Items tables, other screens exist in AFS to summarize expenditure activity. Most of these tables are discussed in the Budgeting chapter (chapter 1) of this guide. Tables discussed in the budgeting section include: Expense Budget Inquiry (Extended) (EEX2), Expense Budget Summary Inquiry (Extended) (EESM), Organization Rollups by Object Code (OROC), Expenditure Summary Inquiry (ORGE), and Organization by Object Inquiry (EORG). (ORGE and EORG do not include continuing appropriations). All of these tables compare budgeted amounts with actuals. There are additional tables which show only actual amounts. They are: Object/ Sub-Object Inquiry (OBSO), Organization/Sub-Object Inquiry (ORSO), Reporting Category/Sub-Object Inquiry (RCSO), and Reporting Category/Object Inquiry (RCOB). All of these tables show actual Pre-Encumbered, Encumbered, and Expended amounts as of the previous business day (they are updated by a nightly batch process). More information on all of these tables may be found in the *ISIS/AFS Online Features*.

Canceling Expenditure Transactions

Outstanding (open) purchase orders, and payment vouchers should be canceled (closed) in AFS when it becomes known that a purchase is not going to be made. Canceling the transaction reverses the obligation and closes the item on the appropriate open item table. Canceling is achieved by "zeroing out" the line in the following manner:

- Complete the header of the appropriate transaction input screen with the same document ID used on the original document, and an "M" in the action field.

- Code the line to be canceled exactly as it exists in the open item table, including the outstanding line amount. Code a "D" in the increase/decrease column, which decreases the line amount to zero. (If a line has been partially cleared, it can only be decreased by the outstanding amount.)

Accounting Basis for Expenditure Processing

AFS performs various functions that ensure proper expenditure accounting procedures.

- Users code only the expenditure line of an expenditure transaction on input documents (except for the payroll and certain journal voucher transaction types). AFS automatically generates the implied offset, or balance sheet, entry. The actual offset entries generated are listed in subsequent sections of this chapter.

- AFS automatically closes a pre-encumbrance when an encumbrance is recorded against it. For example, in addition to the entry generated to offset the encumbrance, other entries are generated to reverse the original pre-encumbrance transaction.

- Similarly, AFS automatically reverses an encumbrance and reserve for encumbrance when an expenditure is recorded against it.

- AFS performs a revenue/expenditure reconciliation on internal transactions. That is, when an internal payment voucher is processed, not only is the expenditure recorded against the buyer's fund, but the revenue is also recognized in the seller's fund.

- A closed item may be reopened as long as the item is stored in the open items tables; a closed item remains in the table until it is purged off.

Refer to the *OSRAP Policy and Procedures Manual* for the purge schedule on the open items tables. "Reopening" is accomplished with modifying transactions, coded just as if the transaction was still open.

- A detailed audit trail of all accounting activity is always available. It exists on the Current Detail General Ledger (GENLED) for all open accounting periods. For closed periods, this data is available in the Closed Detail (CLSLED) ledger. Detail is also available on Online General Ledger Inquiry (OLGL). Data will remain on OLGL until purged off. Refer to the *OSRAP Policy and Procedures Manual* for the purge schedule.

- Expenditures are obligated only once against the budget, and against appropriation balances. In addition, encumbrances and expenditures are made against balances at the earliest possible stage in the accounting chain. Funds are no longer obligated as soon as encumbrances or expenses are reduced. Merely transferring an expenditure from an encumbered to an expensed condition as a result of the chain of accounting events does not affect obligations, if all entries are for the same amount. However, transferring a pre-encumbrance to an encumbrance or expenditure always causes a change in obligations for the amount of the encumbrance or expenditure.

- When the amount of an expenditure differs from its encumbrance balance, or when adjustments are made to encumbrance or expenditure balances, obligations are affected only by the net amount changed.

Account Code Structure

Each expenditure accounting transaction must contain agency, organization, and object of expenditure codes (or agency, fund and object of expenditure for capital outlay). AFS allows the coding and recording of accounting transactions in more detail than the budget, according to the government's conventions and cost accounting requirements. The level of detail of the budget is the minimum coding requirement on expenditure transactions.

For example, you may budget expenses by agency but code expenditure accounting transactions by agency and organization, or you may budget expenses by agency and organization but code expenditure accounting transactions by agency, organization, and object.

To preserve consistency between budgetary and accounting data maintained at different levels of detail, AFS automatically sums to the level of the budget before applying budgetary controls and updating balances in the budget tables. Thus, users need only code each transaction properly from an accounting standpoint; AFS performs the rest automatically.

Accounting distribution consistency must be preserved between succeeding documents in the purchasing chain. For example, when a payment voucher references a purchase order, the accounting distribution must be the same on both documents. However, the accounting distribution may be "exploded" on the succeeding document, so that it includes additional codes not on the previous document. For example, optional codes such as job number and sub-object may be added to a payment voucher, even if these codes were blank on the referenced purchase order.

Budgetary Controls

Three budgetary controls on spending may be implemented in AFS. Each one is selected on a fund basis. They are listed below and described in detail in Chapter 4, "System Controls and Options", in the *ISIS/AFS User Guide, Volume I*.

- **Appropriation Full Control.** The unobligated balance (or budgetary authority) of the appropriation must be greater than or equal to the new obligation. This is the level of full control for Louisiana.

- **Appropriation Category Full Control.** The unobligated balance on the matching appropriation category budget line must be greater than or equal to the new obligation. Budgets are not controlled at this level in Louisiana.

- **Expense Budget Full Control.** The unobligated balance on the matching expense budget line must be greater than or equal to the new obligation. Budgets are not controlled at this level in Louisiana.

AFS rejects any transactions that do not meet the budgetary controls selected for the fund.

Obligations

When purchase orders, payment vouchers, and manual warrants are tested for compliance with budget controls, obligations are defined as:

ENCUMBERED AMOUNT	EXPENDED AMOUNT

When requisitions are tested for compliance with these controls, obligations are defined as:

PRE-ENCUMBERED AMOUNT	+	ENCUMBERED AMOUNT	+	EXPENDED AMOUNT

However, pre-encumbrances never affect fund balance because they are not included in the annual closing calculation of fund balance.

Some less strict budgetary controls may also be selected. These are the expense budget, appropriation category and appropriation "presence" controls, which require only that budget or appropriation *lines* that match the accounting distribution on the document exist for the obligation. When "presence" controls are in effect, available funds are not checked. These controls are also discussed in detail in Chapter 4 of the *ISIS/AFS User Guide, Volume I*. This control is not in effect for Louisiana.

Organization, Activity, and Function Controls

There are four options in the system that have a direct impact on the way you code expenditure transactions. These are the:

- Appropriation Organization Option, and
- Expense Budget Organization Option
- Expense Budget Activity Option
- Expense Budget Function Option

These options are chosen for each fund/agency combination, and are recorded in Fund Agency (FGY2).

The **Appropriation Organization Option** has one of the following values:

- "Y" means that an organization code is required on all budget and accounting transactions.

- "A" means that an organization is required on accounting transactions, but precluded on budget transactions.

- "N" means that the organization code is optional on accounting transactions and precluded on budget transactions. There are no organization codes in the appropriation budget (for this fund/agency).

The Appropriation Organization Option is set to "A" in Louisiana for agencies' funds, and "N" for capital outlay funds.

The **Expense Budget Organization Option** has one of the following values:

- "Y" means that an organization code is required on all expenditure accounting transactions.
- "N" means that the organization code is optional. There are no organization codes in the expense budget (for this fund/agency).

The Expense Budget Organization Option is set to "Y" for Louisiana for agencies' funds, and "N" for capital outlay funds.

The **Expense Budget Activity Option** has one of the following values:

- "Y" means that activity codes are required on all budget and accounting transactions.
- "A" means that activity codes are required on accounting transactions, but precluded on budget transactions.
- "N" means that activity codes are optional on accounting transactions and precluded on budget lines.

The Expense Budget Activity Option is set to "N" for both agencies' funds and capital outlay funds.

The **Expense Budget Function Option** has one of the following values:

- "Y" means that function codes are required on all budget and accounting transactions.
- "A" means that function codes are required on accounting transactions, but precluded on budget lines.
- "N" means that function codes are optional on accounting transactions and precluded on budget transactions.

The Expense Budget Function Option is set to "N" for both agencies' funds and capital outlay funds.

Check Cash Indicator

Besides budgetary controls, transactions which impact cash may also be subject to a Cash Check. The Check Cash Indicator is established for the appropriation and has three options: "**C**" (Cash [CASH]), "**M**" (the available cash for the appropriation), or "**N**" (no cash check). Cash balances on CASH and Appropriation Inquiry (Extended) (EAP2) are checked by the following documents: AD, CI, EF, II, J4, J6, MW, OC, PV, P1, PVQ, SN, and TR. If there is insufficient cash, the user will receive an error message.

The Cash Check Indicator is explained in detail in Chapter 4 of the *ISIS/AFS User Guide, Volume I*.

Prior Document Reference Option

The Prior Document Reference Option affects the way that you code transactions. The option is chosen in System Control Options (SOPT), and is either "Y" or "N". Since this option is set to "Y" for Louisiana, it affects coding requirements in the following manner:

- You do not have to code the accounting distribution on original entries when a previous document is referenced. For example, if a payment voucher references a purchase order, the fund, agency, object, etc., do not have to be coded on the referencing transaction. The system will infer the accounting distribution from the referenced document. If the accounting distribution is coded, all codes must match the codes on the referenced document. More codes may be added to expand the accounting distribution. For example, optional codes such as sub-object may be added to the accounting distribution.

- You do not have to code the accounting distribution on modifying transactions. For example, if a modification against a previously entered purchase order is entered, the fund, agency, object, etc., do not have to be coded. The system will infer the accounting distribution from the previously entered line. If the accounting distribution is coded, it must match the previously entered line.

Previously entered codes in the accounting distribution cannot be changed and new codes can not be added on modifying transactions. (This is true whether the Prior Document Reference Option is "Y" or "N". If you want to change the accounting distribution, you must cancel the transaction and reenter it as a new line.)

Prior Year Encumbrances

In the State of Louisiana a payment voucher can include a reference to a prior year Purchase Order only with a multi-year appropriation.

When expenditures refer to prior year encumbrances, the expenditure (payment voucher or manual warrant) may be coded exactly as it would normally be coded (referencing the previous year's Purchase Order), as long as the expenditure is less than or equal to the encumbrance amount. When the expenditure is equal to the encumbrance or is less than the encumbrance with a Partial/Final Indicator of "F", the prior year's encumbrance is closed.

AFS provides a special facility that allows you to liquidate outstanding purchase orders at year end for the prior fiscal year. All outstanding purchase orders, that have not been rolled previously, will be rolled into the new fiscal year. If a purchase order has been rolled before, it will be closed in the prior fiscal year, but not rolled into the new year. In the State of Louisiana, regular appropriation purchase orders are rolled over to the new year as part of the 8/14 close process.

Vendor Related Research

The AFS tables provide information that can be valuable for researching vendor payment problems, analyzing purchasing trends, and complying with governmental reporting requirements. The tables offer the following types of information:

- Vendor (VEN2) records vendor codes. Vendor codes are exclusively entered on the AGPS Common Vendor Screen (VENC). A vendor's complete name and address is stored on Vendor (VEN2) in AFS to be available for reports, and for the automated check-writing activity.

- Open Purchase Order Header Inquiry (OPOH), Open Purchase Order Line Inquiry (OPOL), Open Payment Voucher Header Inquiry (OPVH), and Open PV Line Inquiry (OPVL) all have vendor as their first key field. This permits online table searches on vendor code.

- Open Payment Voucher Line Inquiry (OPVL) contains a last check number field and a last payment date field. Open Purchase Order Line Inquiry (OPOL) contains a last voucher reference number field and a last voucher reference date field. This information facilitates immediate online research for questions from vendors concerning payment.

- Vendor (VEN2) includes a last action date field and a total expended amount field. This information can be used as an aid in purging unused vendors from the table and for assistance in vendor analysis. Vendor (VEN2) also includes a 1099 indicator, to mark vendors subject to 1099 processing.

- Vendor Zip Code Inquiry (VZIP) displays vendors in vendor name, vendor zip code order.

- Vendor Name Inquiry (VNAM) displays vendors in vendor name and vendor code order.

- Alternate Vendor Name (VNA1) displays vendors on Vendor (VEN2) with a name in the NAME2 field, in alphabetic order. It also displays the name in the NAME field and the vendor code.

- Vendor by Federal ID Inquiry (VFED) displays vendors in FEIN/SSN and vendor code order.

- Vendors by Parish (VPAR) shows, for each parish, all vendors who are located there. This is actually an alternate view of Vendor (VEN2), where the parish code is recorded for each vendor.

Vendor Controls

When the Vendor Control Option is selected on System Control Options (SOPT), a vendor code must be used on all purchase orders, payment vouchers, and manual warrants. This option provides some control over the vendors to which users can place orders or issue payment. This option is discussed in detail in Chapter 4 of the *ISIS/AFS User Guide, Volume I*.

Vendor Control Option

Miscellaneous Vendor Code

Even when the Vendor Control Option is chosen, most governments will not want to list all vendors in Vendor (VEN2). One-time vendors or trial suppliers, for example, need not clutter up the table. A *miscellaneous vendor code* can be established in Vendor (VEN2) to accommodate such a situation. When miscellaneous vendor codes are used, users must request a manual check from the State Treasurer's Office.

Refer to the *OSRAP Policy and Procedures Manual* on the use of a miscellaneous vendor.

Other Vendor Information

In addition to the vendor name and address, Vendor (VEN2) contains calendar and fiscal year-to-date amount fields, updated at the time the disbursement is recorded against the vendor in AFS.

Other information in the table is used for reporting and warrant/check printing. The information includes:

- Last Action Date, showing when the last transaction was processed for the vendor;

- A Master Vendor Indicator, which groups vendors with the same FEIN/SSN for 1099 reporting;

- 1099 indicator, identifying whether a 1099 report must be produced for this vendor;

- A Backup Withhold indicator, identifying if the vendor should be subject to backup withholding processing;

- The Parish code in which the vendor is located;

- Contact person and phone number;

- A Hold indicator, for payment halting activity for a single vendor;
- A status code, telling the status of the vendor (Active, Casual, etc.),
- A Prevent Deletion indicator to mark a vendor that should never be deleted, regardless of other criteria;
- EFT status (indicates whether the vendor may receive payment through electronic funds transfer).

Vendor Alternate Addresses

Alternate addresses for vendors are recorded by varying the final two characters of the vendor code. The first nine characters of the vendor code must be identical for all alternate addresses of a single vendor. Each alternate address is recorded as a separate vendor record. The use of alternate addresses allows, for example, vendor payments to be sent to a separate location from purchasing information.

Purging Old Vendors

From time to time it is desirable to "clean up" Vendor (VEN2) by removing vendors who have had no activity for a long period of time. AFS provides a Vendor Table Maintenance program (VNPG) to assist this process. This program is executed in conjunction with AGPS.

More detail on the Vendor Purge process is available in *Chapter 7- Special System Features.*

Requisitions

A Requisition (RQ) transaction is a statement of a possible future purchase. Requisitions are exclusively entered in AGPS.

The requisition transaction does not obligate amounts in a fund; i.e., it does not cause amounts to be subtracted from fund balances. It is considered a "memo" transaction because it records data that may be helpful to managers in carrying out their daily planning and forecasting duties.

When a Requisition (RQ) transaction is processed in AGPS, lines are created on Open Requisition Inquiry (OPRQ) and Open Requisition Line (OPRL). These lines will remain in the open requisition tables as purchase order documents referencing the requisition are accepted. An accepted purchase order referencing a requisition will close the requisition based on the Partial/Final indicator of the referencing document. If the indicator is "P", then the open requisition amount is reduced by the referencing purchase order line amount. If the indicator is "F" for a purchase order, then the requisition referenced by the lines of the order is closed completely.

The transaction referencing a requisition line must have the same accounting distribution as that recorded on the requisition line, but amounts do not have to be the same.

Logic Tests

When either the Expense Budget Control Option, the Appropriation Category Control Option, or the Appropriation Control Option is "C" for full control, there must be funds available to cover the amount of the requisition or the requisition will be rejected. (Available amounts are stored in the budget tables.) Remember, however, that the available amount will not be reduced as a result of the requisition. When requisitions are being validated for compliance with budgetary controls, obligations are considered to be:

PRE-ENCUMBERED AMOUNTS	+	ENCUMBERED AMOUNTS	+	EXPENDED AMOUNTS

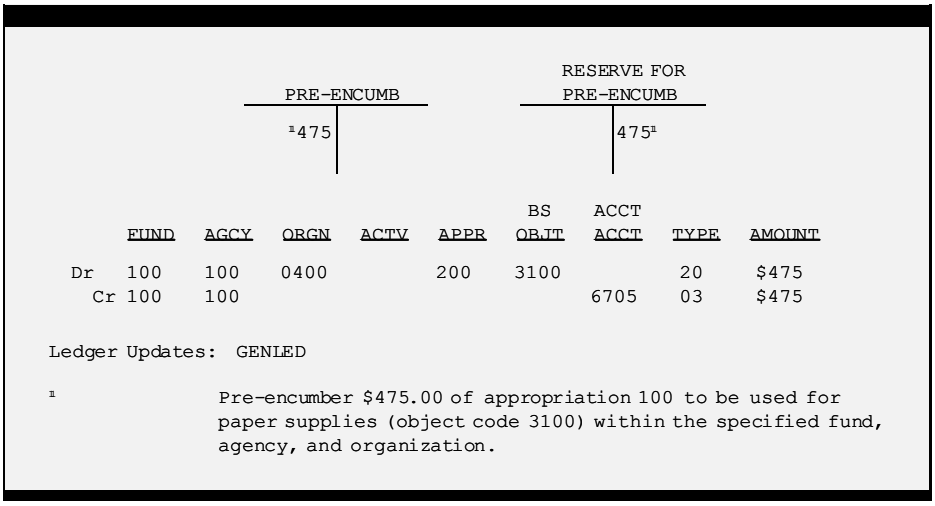
Accounting Model and Ledger

New requisition lines are posted to the Current Detail General Ledger (GENLED) in the following manner:

Dr Pre-encumbrances
Cr Reserve for Pre-encumbrances

The reserve for pre-encumbrances balance sheet account is inferred from System Special Accounts (SPEC). It cannot be overridden. The amount posted is the line amount from the requisition transaction. Figure 2-3 illustrates the accounting model for requisitions.

Figure 2-3
Accounting Model for Requisitions



An increase modifying transaction is posted as shown above. A decrease modifying transaction debits reserve for pre-encumbrances and credits pre-encumbrances.

The pre-encumbrances and reserve for pre-encumbrances are not posted to budgetary or proprietary account balances. They are for information only.

Open Requisition Inquiry

Lines are added to Open Requisition Inquiry (OPRQ) and Open Requisition Line (OPRL) when new requisition transactions are accepted by AFS; lines are changed when modifications are submitted on these transactions.

Requisitions are closed as purchase orders reference them. Requisitions will be closed for the amount of the referencing document, unless the document indicates a Final reference, in which case the entire requisition is closed.

A requisition is considered cancelled when a requisition modifying document with a decrease line amount equal to the requisition line amount(s) is submitted in AGPS.

Closed records are purged off OPRQ and OPRL based on a schedule defined by OSRAP. Requisitions from the Contract Financial Management System (CFMS) are purged on a different basis than the requisitions from AGPS. See *OSRAP Policy and Procedures Manual* for purge schedule.

Figures 2-4 and 2-5 are sample screens from Open Requisition Inquiry (OPRQ) and Open Requisition Line (OPRL).

Figure 2-4
Open Requisition Inquiry

```
ACTION: . SCREEN: OPRQ USERID:

              O P E N   R E Q U I S I T I O N   I N Q U I R Y


     RQ NUMBER= ... ...........

       RQ DATE: .. .. ..           TOTAL RQ AMOUNT: ..............

   CLOSED DATE: .. .. ..             CLOSED AMOUNT: ..............

  AGPS CREATED: .         TOTAL OUTSTANDING AMOUNT: ..............
```

Figure 2-5
Open Requisition Line

```
 ACTION: . SCREEN: OPRL USERID:
                  O P E N   R E Q U I S I T I O N   L I N E

       REQ AGCY= ...   REQ NO= ...........
01-
    LN NO= ..
      BFY: ..   FUND: ....     AGCY: ...    ORGN: ....  APPR: .........
     ACTV: .... FUNC: ....     RPTG: ....   OBJT: .... SOBJT: ..  RQ TYPE: .
            RSV ACCT: ....              SELL FUND: ....          SELL AGCY: ...
             BS ACCT: ....                COMMENT: ............
           RQ AMOUNT: ..............           CLOSED AMOUNT: ..............
        OBLIG AMOUNT: ..............      OUTSTANDING AMOUNT: ..............
02-
    LN NO= ..
      BFY: ..   FUND: ....     AGCY: ...    ORGN: ....  APPR: .........
     ACTV: .... FUNC: ....     RPTG: ....   OBJT: .... SOBJT: ..  RQ TYPE: .
            RSV ACCT: ....              SELL FUND: ....          SELL AGCY: ...
             BS ACCT: ....                COMMENT: ............
           RQ AMOUNT: ..............           CLOSED AMOUNT: ..............
        OBLIG AMOUNT: ..............      OUTSTANDING AMOUNT: ..............
```

Purchase Orders

A Purchase Order (PO) is a statement that goods or services have been ordered. The purpose of an AFS Purchase Order (PO) document is to reserve a portion of an agency's budget for a particular purpose; for example, utility payments.

A purchase order promises that money will be spent in the future, and therefore causes that amount to be obligated for the fund specified on the input document. The fund balance is adjusted later if the original purchase order amount is adjusted, or if the final liability against the purchase order (recorded on a payment voucher or manual warrant) is different from the purchase order amount, or if the purchase order is cancelled.

An important line item feature of the purchase order is the *line number*. Each line on a new purchase order document must be assigned a unique line number, which allows payment voucher and manual warrant lines to reference individual purchase order lines. This provides the capability of recognizing the partial receipt of goods or services rather than having to wait until items from all lines on a purchase order document have been received. Thus, partial or separated deliveries can be accounted for within the system.

A purchase order line is closed when one of the following occurs:

- The sum of all payment vouchers and manual warrants referencing a purchase order line exactly equals the purchase order line amount.

- A payment voucher or manual warrant forces a close on a purchase order line with the partial/final indicator (see the coding instructions).

When all the lines in a purchase order document are closed in Open Purchase Order Line Inquiry (OPOL), the corresponding line in Open Purchase Order Header Inquiry (OPOH) is closed.

Reopening Closed Purchase Orders

You can reopen a closed purchase order as long as it exists in the open purchase order tables. There are two ways to open a closed line:

- Reference the closed purchase order on a payment voucher or manual warrant (see the discussion on those transactions later in this chapter). This automatically reopens the purchase order, as long as the amount used to reopen it does not exceed system tolerance logic.

- Enter a purchase order modifying transaction, using the original purchase order number, to change the amount.

Logic Tests on Purchase Order Amounts

Purchase order line amounts are subjected to the following tests:

- When the budgetary full controls are in effect, the unobligated balances must be large enough to cover the new obligation.
- A decrease transaction cannot reduce the purchase order to less than the purchase order closed amount. (A purchase order cannot be reopened on a decrease transaction.)

Accounting Model and Ledger

For each line on the purchase order form, entries are posted to the Current Detail General Ledger (GENLED) in the following manner:

When there is no prior requisition referenced, the following accounting model is used. The amount used is the purchase order line amount.

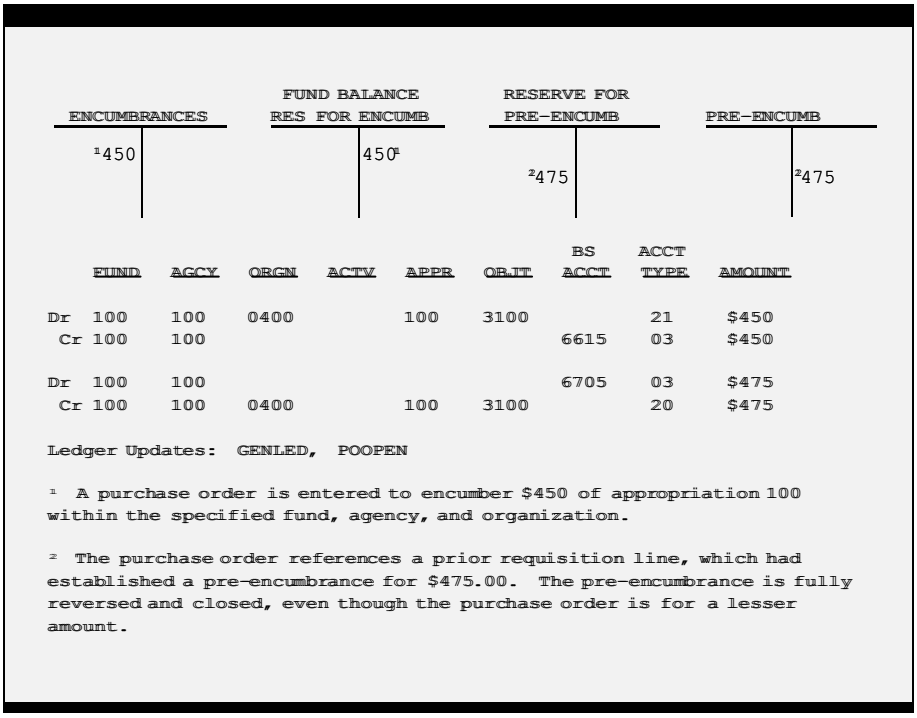
Dr Encumbrances
Cr Reserve for Encumbrances

When a prior requisition line is referenced by the purchase order, the ledger entries generated by the requisition must be reversed. In this situation, the following accounting model is used. The amount associated with the requisition reversal can be the requisition line amount or the purchase order line amount, depending upon the purchase order amount and the partial/final indicator. The amount recorded as an encumbrance is the purchase order line amount. Figure 2-6 illustrates this accounting model.

Dr Encumbrances
Cr Reserve for encumbrances

Dr Reserve for pre-encumbrances
Cr Pre-encumbrances

Figure 2-6
Accounting Model for Purchase Orders



The reserve for encumbrances balance sheet account is inferred from System Special Accounts (SPEC). It cannot be overridden. Decrease adjustments reverse the debit/credit codes indicated above. In addition, one entry is posted to the Open Purchase Order Ledger (POOPEN) for every purchase order transaction.

Tables

There are four open purchase order tables:

- Open PO by Document Number Inquiry (OPOD)
- Open Purchase Order Header Inquiry (OPOH)
- Open Purchase Order Line Inquiry (OPOL)
- PO by Account Distribution Inquiry (POAC)

When a purchase order transaction is processed, a line is created in Open Purchase Order Line Inquiry (OPOL) for each line on the document. One line is also created in Open Purchase Order Header Inquiry (OPOH), containing summary data from the header portion of the document. If modifying transactions are accepted, the entries in the open item tables are updated to reflect the modifications.

A separate record is also created in Open PO by Document Number Inquiry (OPOD) which contains only the key information of the purchase order ID and vendor code. This table is useful in locating purchase orders when the vendor code is not known but the purchase order number is. The user can scan this table until the appropriate purchase order and vendor combination is found. The user can then specify a leaf

action and the system will automatically leaf to the appropriate record on Open Purchase Order Header Inquiry (OPOH).

Another record is created in PO by Account Distribution Inquiry (POAC) that contains key information of the accounting distribution, vendor code and transaction number.

A purchase order line is considered closed when its outstanding amount is zero, or when it is "forced" closed with the final indicator on a subsequent referencing transaction. For example, a final payment voucher of $257.49 can force closed a $260.00 purchase order line. A record in Open Purchase Order Header Inquiry (OPOH) is closed when all of its related lines are closed in Open Purchase Order Line Inquiry (OPOL). When an open item record is considered closed, AFS adds the closing date and closing amount to the header record.

When the purchase order is closed with a Partial/Final Indicator of "F", the purchase order closed amount is the purchase order line amount, regardless of the amount of the voucher or warrant causing the close. For example, if a purchase order line exists for $100, and a payment voucher closes the purchase order for $90, the purchase order closed amount is $100. However, AFS will decrease obligations by $10, and increase the unobligated account balance by $10.

Closed purchase orders are purged from the tables based on a schedule defined by OSRAP. Purchase orders from CFMS are purged on a different basis than the purchase orders from AGPS and AFS. See *OSRAP Policy and Procedures Manual* for purge schedule.

At year-end, outstanding purchase orders for regular appropriations (non capital-outlay) for the year being closed can be rolled over to the new fiscal year. All outstanding purchase orders, that have not rolled previously, will be rolled into the new fiscal year. If a purchase order has been rolled before, it will be closed in the prior fiscal year, but will not be rolled into the new fiscal year. In the State of Louisiana, regular appropriation purchase orders are rolled over to the new year as part of the 8/14 close process.

Figure 2-7 is a sample screen from Open Purchase Order Line Inquiry (OPOL). Figure 2-8 illustrates Open Purchase Order Header Inquiry (OPOH). Figure 2-9 is a sample screen from Open PO by Document Number Inquiry (OPOD). Figure 2-10 is a sample screen from PO by Account Distribution Inquiry (POAC).

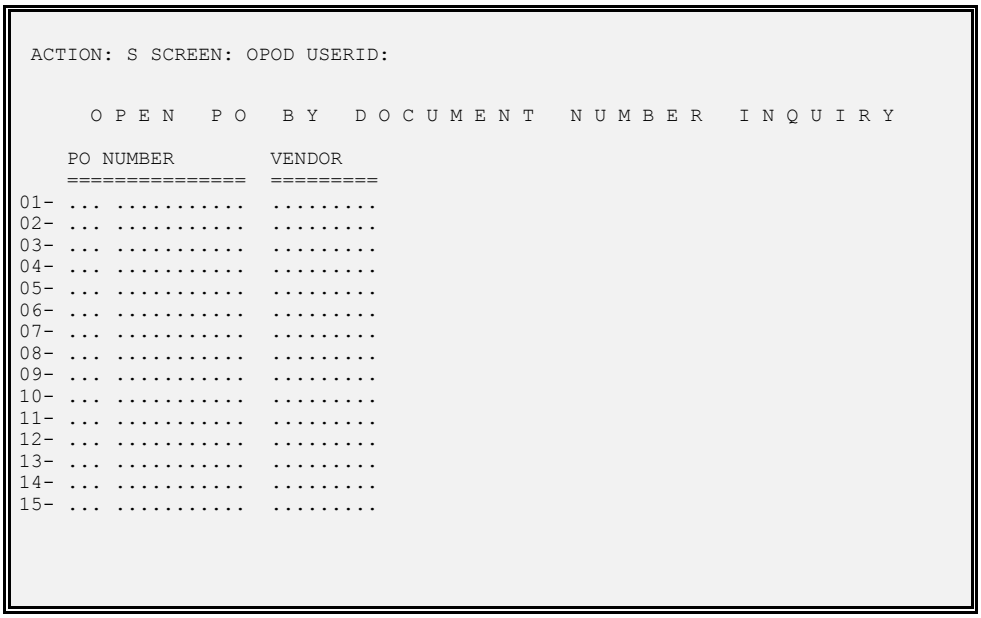
Figure 2-7
Open Purchase Order Line Inquiry (OPOL)

```
ACTION: S SCREEN: OPOL USERID:

      O P E N   P U R C H A S E   O R D E R   L I N E   I N Q U I R Y

        VENDOR= .........      PO NUMBER= ... ...........   LINE NO= ..

          FUND: ....              AGENCY: ...           ORG/SUB-ORG: .... ..
     APPR UNIT: .........       ACTIVITY: ....             FUNCTION: ....
   OBJ/SUB-OBJ: .... ..         REPT CAT: ....          JOB NUMBER: ........
       PROJECT: ........

      LINE AMT: ..............      INTERNAL REF FUND/AGCY: .... / ...
    CLOSED AMT: ..............           LAST REF TRANS NO: .................
  EXPENDED AMT: ..............         LAST REF TRANS DATE: .. .. ..
OUTSTANDING AMT: ..............                 TEXT IND: .

   DESCRIPTION: ............................
```

Figure 2-8
Open Purchase Order Header Inquiry (OPOH)

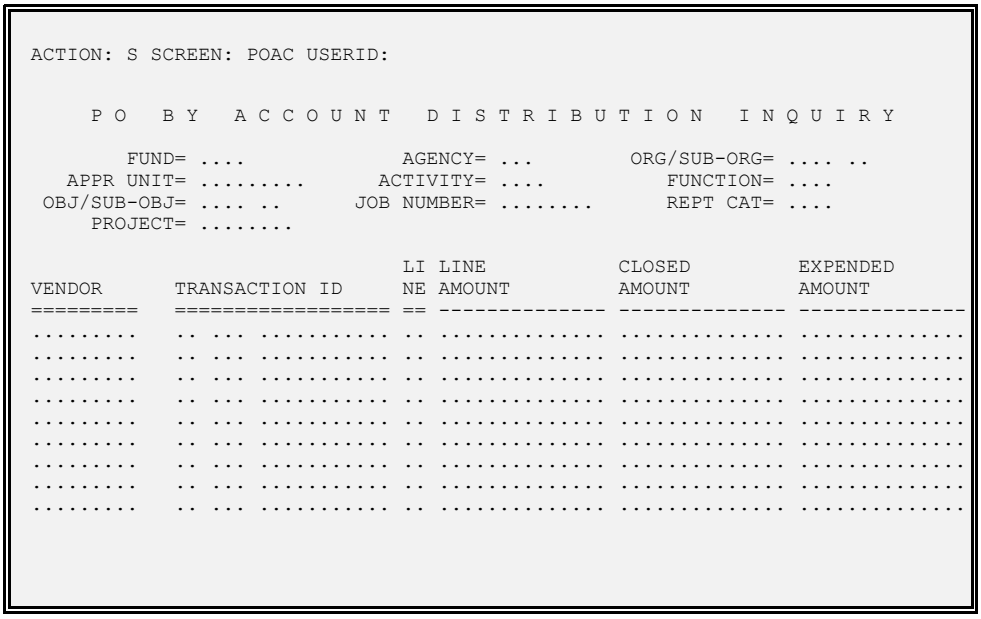
```
ACTION: S SCREEN: OPOH USERID:

    O P E N   P U R C H A S E   O R D E R   H E A D E R   I N Q U I R Y

            VENDOR= .........              PO NUMBER= ... ...........
              NAME: ............................
                                           ALT ADDR: ..
          COMMENTS: ............           BUDGET FY: ..
OFFSET RESERVE ACCT: ....                      TYPE: .

           PO DATE: .. .. ..               PO AMOUNT: ..............
      CLOSED DATE: .. .. ..           CLOSED AMOUNT: ..............
     AGPS CREATED: .              OUTSTANDING AMOUNT: ..............
```

Figure 2-9
Open PO by Document Number Inquiry (OPOD)



```
ACTION: S SCREEN: OPOD USERID:

     O P E N   P O   B Y   D O C U M E N T   N U M B E R   I N Q U I R Y

    PO NUMBER        VENDOR
    ===============  =========
01- ... ...........  .........
02- ... ...........  .........
03- ... ...........  .........
04- ... ...........  .........
05- ... ...........  .........
06- ... ...........  .........
07- ... ...........  .........
08- ... ...........  .........
09- ... ...........  .........
10- ... ...........  .........
11- ... ...........  .........
12- ... ...........  .........
13- ... ...........  .........
14- ... ...........  .........
15- ... ...........  .........
```

Figure 2-10
PO by Acount Distribution Inquiry (POAC)



```
ACTION: S SCREEN: POAC USERID:

     P O   B Y   A C C O U N T   D I S T R I B U T I O N   I N Q U I R Y

        FUND= ....              AGENCY= ...         ORG/SUB-ORG= .... ..
   APPR UNIT= .........      ACTIVITY= ....            FUNCTION= ....
 OBJ/SUB-OBJ= .... ..      JOB NUMBER= ........       REPT CAT= ....
     PROJECT= ........

                                 LI LINE           CLOSED          EXPENDED
VENDOR      TRANSACTION ID       NE AMOUNT         AMOUNT          AMOUNT
=========   ================== == -------------- -------------- --------------
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
.........   .. ... ........... .. ............... ............... ...............
```

Internal Purchases

Internal purchases are recorded in AFS in the same manner as any other purchase, except that the seller's accounting distribution is also included. The fund and agency of the seller can be identified on requisitions and purchase orders. A more detailed seller's accounting distribution is required on internal vouchers. The exact accounting distribution required is determined by the revenue budget options governing the seller's fund/agency.

When internal payment vouchers are used, AFS ensures that both revenue and expenditure entries from an internal purchase and sale are recorded simultaneously. Accordingly, the AFS internal voucher can serve as the seller's invoice as well as the buyer's payment voucher.

An Internal Voucher (II) transaction must be submitted to close an internal purchase order (unless the purchase order is canceled).

If the transaction is transferring money within a fund (a Type 3 voucher), the internal voucher is also required, but no check will be written, and a manual warrant is not allowed. Internal vouchers for intra-fund transfers are automatically closed as soon as they are entered in the system. (The internal voucher must be submitted to clear the purchase order and to effect the change in the budgeted balance for the fund/agency involved.)

Purchase Order Transaction

On the header level, the Vendor Control Option requires that a vendor code be used on the form. If the purchase is internal, the seller's fund and agency must be coded. Additionally, all purchase order lines require agency, organization, and object codes (except capital outlay).

Figure 2-11 is the AFS standard purchase order input screen. See *ISIS/AFS Online Features* for coding instructions.

Figure 2-11
Sample PO Input Screen

```
 FUNCTION:                DOCID: PO
  STATUS:                BATID:                  ORG:          000-000 OF 000
H-                    PURCHASE ORDER INPUT FORM

    PO DATE:           ACCTG PRD: .. ..  BUDGET FY: ..
       ACTION: .      ORDER TYPE: .     PART/FINAL: .   COMMENTS: ............
       VENDOR: ......... .. NAME: ..............................
      INT IND: .     SELLER FUND: ....        SELLER AGENCY: ...
            CALCULATED DOC TOTAL:                DOC TOTAL: ..............
   LN    REF RQ                                                        JOB
   NO    NUMBER       LN FUND AGY ORG/SUB APPR UNIT ACTV FUNC OBJ/SUB  NUMBER
   -- ------------------ ---- --- ------- --------- ---- ---- ------- --------
       TEXT RPTG  UNITS           DESCRIPTION              AMOUNT     I/D
      ---- ---- ------- ------------------------------ -------------- ---
01- .. ... .......... .. .... ... .... .. ......... .... .... .... .. ........
       .    .... ....... ................................ ..............  .
02- .. ... .......... .. .... ... .... .. ......... .... .... .... .. ........
       .    .... ....... ................................ ..............  .
03- .. ... .......... .. .... ... .... .. ......... .... .... .... .. ........
       .    .... ....... ................................ ..............  .
```

Figure 2-12 is a sample purchase order transaction, coded to obligate budget for electric utilities from a vendor listed in Vendor (VEN2).

Figure 2-12
Sample Purchase Order (PO)

```
 FUNCTION:                DOCID: PO     011 R-10005
  STATUS:                BATID:                  ORG:          000-000 OF 000
H-                   PURCHASE ORDER INPUT FORM

    PO DATE: 07 03 97  ACCTG PRD:        BUDGET FY: 98
       ACTION: E      ORDER TYPE: 1     PART/FINAL:     COMMENTS:
       VENDOR: 811540051    NAME: GAS AND ELECTRIC CO.
     INT IND:       SELLER FUND:             SELLER AGENCY:
           CALCULATED DOC TOTAL:                 DOC TOTAL:         770.00
    LN    REF RQ                                                      JOB
    NO    NUMBER       LN FUND AGY ORG/SUB APPR UNIT ACTV FUNC OBJ/SUB  NUMBER
    -- ------------------ ---- --- ------- --------- ---- ---- ------- --------
       TEXT RPTG  UNITS           DESCRIPTION              AMOUNT     I/D
       ---- ---- ------- ---------------------------- -------------- ---
01- 01                    440  440 3200    200               2940 10
                        GAS UTILITIES                         440.00
02- 02                    440  440 3200    200               2940 AA
                        ELECTRIC UTILITIES                    330.00
03-
```

Payment Vouchers

A payment voucher authorizes the spending of money and initiates automated check writing or electronic funds transfers procedures. With the payment voucher, you record all information necessary for the system to create vouchers payable ledger entries. The payment voucher also schedules a specific payment date for the voucher, which is used by the cash disbursement activities. (The cash disbursement activities actually write the checks.)

AFS provides four payment vouchers: the Payment Voucher (PV), the Vendor Payment Voucher (P1), the Quick Payment Voucher (PVQ), and the Internal Voucher (II). II transactions should be used for internal purchases and sales, as well as governmental refunds. P1 transactions are specifically designed for purchases or credits from outside vendors. The PVQ is a simplified version of the PV.

A payment voucher document must be submitted if you want computer-printed checks produced by AFS. The alternative is to request a manual check, in which case the transaction must be recorded on a manual warrant document. If, after a payment voucher is submitted, the items recorded on it become urgent and a check must be written immediately, you can still write the check manually and record it on a manual warrant referencing the payment voucher. The manual warrant, in effect, closes the payment voucher, halting the automated check writing procedures for that payment voucher.

Note: If the manual warrant is written for a partial amount, then the cash disbursement process will proceed using the remaining outstanding balance.

A purchase order usually precedes a payment voucher, although the payment voucher can be the first document in the expenditure accounting chain. The amount on a payment voucher that references a purchase order can be different from the amount on the referenced document (see the explanation of the partial/final indicator in the payment voucher coding instructions section).

Issues & Concepts

Scheduled Payment Date & Payment Lag

A scheduled payment date is stored in Open Payment Voucher Header Inquiry (OPVH) for every payment voucher when it is accepted. This date is either coded on the payment voucher document by the user or inferred from one of the tables, in order as follows:

- If a date is coded on the input document, that date is stored as the scheduled payment date.

- System Control Options (SOPT) contains a default scheduled payment lag, to be used for any payment voucher, for any vendor, when no other date is specified, as noted above. The payment lag is the number of days from the voucher date on which payment should be made. The system calculates the scheduled payment date using this payment lag. The system payment lag is set to 30 days for Louisiana.

- If the Schedule Discount Date option on System Control Options (SOPT) is set to "Y", the system calculates the optimum payment date for each payment voucher. This date is the last possible day on which the voucher can be paid, and all the discounts still taken.

Partial and Final Payments Against Purchase Orders

A payment voucher line that references a purchase order can expense the referenced document line in full or partially. The partial/final indicator tells AFS whether to close the purchase order line with this voucher or to keep it open for a future voucher. The valid values are:

- **"P" for Partial.** This choice is optional.

- **"F" for Final.** Follow the guidelines below.

    - if this payment voucher makes the total amount expended against the purchase order *equal* to the referenced line amount, then the referenced line will be closed automatically, and the "F" is optional.

    - if this payment voucher makes the total amount expended against the purchase order *less* than the referenced line amount, but you want to force a close anyway (the item didn't cost as much as expected), the "F" is required.

- if this payment voucher makes the total amount to be expended against the purchase order *more* than the referenced line amount (the item cost more than expected), the "F" is required.

System Tolerance Logic on Purchase Order Closing Amounts

System Control Options (SOPT) contains a "Tolerance" field. The value entered in this field establishes a limit to the amount that can close a purchase order; for example, a limit to the amount that can be written on a payment voucher or manual warrant that references a purchase order. This limit may be either a dollar amount *or* a percentage amount over the recorded purchase order amount and only applies to the final payment for a purchase order line.

Using the tolerance percent, the maximum amount allowed to close a purchase order is:

```
MAXIMUM AMOUNT   =   RECORDED   +   PERCENTAGE (USING THE TOLERANCE
ALLOWED TO CLOSE     PO AMOUNT      PERCENT) OF RECORDED PO AMOUNT
```

If you try to close a purchase order with an amount that exceeds this maximum amount, the closing transaction (either a payment voucher or manual warrant) will reject.

A tolerance percent of zero means that the closing amount may not exceed the purchase order amount, while a tolerance percent of 99 means that the purchase order may be closed by almost twice its recorded amount.

The Tolerance percentage in Louisiana is 10%.

If tolerance is expressed as a dollar amount, the calculated percentage amount in the equation is replaced by the specified dollar amount.

The Tolerance dollar amount in Louisiana is $0.00.

Refunds

Payment vouchers can be used to record refunds that the government pays to the public or to vendors. The refund refers to money which was previously recognized as revenue on a cash receipt. A common example is the tax refund. This type of transaction is recorded on a payment voucher because it represents a liability that must be paid. (Governmental refunds can also be recorded on manual warrants, if the refund is paid with a manually written check.) Code a refund as follows:

- Use a revenue source code instead of an object code.
- The line amount is the amount of the refund.
- The payee is indicated by the vendor code or vendor name.

When the revenue lines are recorded by the refund, original fund postings are also created, if necessary. The refund PV produces original fund postings if the organization coded on the PV has an original fund designated on Organization (ORG2) and if the revenue source coded is not in the "Transfer" revenue source group.

The transaction is stored in Open Payment Voucher Line Inquiry (OPVL), just like all other payment voucher lines. It is printed as a separate line on the check stub produced by the cash disbursement process.

The refund transaction also adjusts the recognized amount field in the Revenue Budget Inquiry (REV2).

Credit Memos

Payment vouchers are also used to record credit against future purchases given to the government because of overpayment or returned goods. This is money owed to the government by a vendor. If the cash is actually received from the vendor, it should be recorded on a cash receipt using an object code as explained in the cash receipt discussion in Chapter 3 of the *ISIS/AFS User Guide, Volume II.*

Credit memos are recorded with a decrease line amount on an original entry payment voucher. Code the payment voucher as follows:

- Use a document action of "E".
- The prior document reference fields must be blank.
- Use an appropriate accounting distribution, including an object code. Discount type must be blank.
- The line amount is the amount of the credit.
- The increase/decrease indicator must be "D".
- The vendor must be indicated by a vendor code.

The transaction is stored in Open Payment Voucher Line Inquiry (OPVL) as a negative amount. Credit memos only reduce payments from the same agency that entered the credit. Credit memos are taken into account by the cash disbursement process in the following manner:

1. When the total of the expenditure vouchers scheduled for payment from a single agency for a vendor is greater than the total of all credit memos from the same agency for the vendor, then the government owes the vendor money. The expenditure vouchers and the credit memo lines are printed on the Scheduled Payment Turnaround Report (1G06), and a check is printed for the outstanding balance after the credit is taken. All the expenditure and credit

memo voucher lines are represented on the check stub. They are also closed in Open Payment Voucher Line Inquiry (OPVL).

2. When the total of the expenditure vouchers scheduled for payment from a single agency for a vendor is less than, or exactly equals the total of all credit memos from the same agency for the vendor, then the government does not owe the vendor money. None of the vouchers involved will be selected for payment. The credit memo lines and the expenditure vouchers that were balanced by it are printed on the Unscheduled Payment Turnaround Report (1G07), and no check is printed. The credit memo lines and the expenditure voucher lines remain on Open Payment Voucher Line Inquiry (OPVL) as open items. These lines are not affected (updated) in any way by the cash disbursement cycle. They will remain as open items in the table until:

   -- Scheduled liabilities become greater than the credit memos (see the situation above).

   -- They are reversed with a payment voucher transaction. This should be done when acknowledgment is received from the vendor that the liabilities have been balanced with credit.

Discounts

Many vendors have discount policies that permit discounts to be taken in return for early payment. The AFS vendor discount facility considers these discount policies at the time the check is printed, and if the discount is appropriate, calculates the discount and adjusts the payment amount accordingly.

If a discount type code exists on a payment voucher line, the cash disbursement activity first determines whether the discount is valid, and if it is, calculates the amount. Discount Type (DISC) defines a number of days and a percentage discount for each discount type. In the vendor's terms, the number of days is the time between when the invoice was sent and payment is received. In AFS, the number of days is the time between the payment voucher's transaction date and the date the check is printed. If the number of days between the voucher date and check date is not greater than the number of days field in DISC, then the discount will be taken. Otherwise, the discount is not calculated. An alternate view of DISC exists on Discount Type by Percent (DSPC), which links each percent and number of days combination to its associated discount type.

If the discount day is used, then the last day on which payment can be made without the discount being lost is computed as follows.

- If the day of the voucher date is less than the discount day, the last possible payment date will be the **nth** day of the month in which the voucher was entered, **n** being equal to the discount day.

- If the day of the voucher date is greater than or equal to the discount day, the last possible payment date will be the **nth** day of the month following the month in which the voucher was entered, **n** being the discount day.

If the check date falls prior to the last possible payment date, the discount is taken. Otherwise, it is not.

For example, when a payment is processed directly in AFS, the user would enter a discount type using the DISC table as a reference. The user can schedule the payment for the automated disbursement process anytime within the discount period (taking into consideration a one day lag for the automated disbursement process) and the discount would be deducted from the vendor's payment. (Example - payment entered in AFS 3/10/98 with a discount type A, 1% 10 days. If the payment's schedule payment date falls within 3/10/98 and 3/19/98, a 1% discount will be deducted from the payment. To figure the maximum schedule payment date for this payment, the user would add 10 days to the voucher date minus one day for the one day lag.)

Using the same scenario above, if the user does not enter the schedule payment date, the system will calculate the schedule payment date using the discount type and the voucher date. In the example, the payment was entered in AFS on 3/10/98, the system sets the schedule payment date as 3/20/98 based on a discount type A, 1% 10 days. The discount would be lost since payments with a scheduled payment date of 3/20/98 would run through the automated disbursement process on 3/21/98.

The discount amount is calculated by applying the percentage in Discount Type (DISC) against the payment voucher line amount.

When a discount is taken, the activity generates expenditure transactions that "refund" the discount amount back to the accounting distribution on the payment voucher line. (There is no special accounting distribution to collect discounts.) As a result of these system generated transactions, the expended amount fields in the budget tables are updated and detail ledger records are posted to GENLED.

For cash disbursements, discounts taken are shown on the check stub. The check stub discount lines are summarized by vendor invoice number, within each payment voucher document.

Since the voucher pre-selection activity does not consider discounts, scheduled payment amounts on the 1G06 and 1G25 reports may be different from the actual check or transfer amount. Sometimes the discount amount makes the difference between whether the government owes the vendor money or not. When this occurs, the vendor will be listed on the 1G06 or 1G25 reports, but no check is written or funds transferred by either process because no money is owed once the discount is taken. However, the next time the payment disbursement cycle is run, the discount may be considered lost, and a check will be printed because it is now perceived that

money is owed. To prevent this, the voucher should be reversed (with a decrease payment voucher), so it is considered closed.

The Discounts Taken/Lost Report (1G24/1G28) should be periodically analyzed. If discounts are being lost on a regular basis, payment policies or discount types may need adjusting.

Marking Payment Vouchers for Electronic Funds Transfer

For a vendor to receive payments through electronic funds transfer, the vendor must be set up on Electronic Funds Transfer (1 of 2) (EFTT) and Electronic Funds Transfer (2 of 2) (EFT2) with a status of "A" (active). The EFT status on Vendor (VEN2) must also be active and is inferred from EFTT.

The EFT IND on a payment voucher will default to "Y" when the vendor is EFT active. The application type is inferred from Agency (AGC2) and cannot be changed on the payment voucher.

The EFT IND on the payment voucher can be changed from "Y" to "N" or from "N" to "Y". When changing from "Y" to "N", an overrideable error message will be issued which can only be cleared by users with the proper override authority. When changing from "N" to "Y", the vendor must be EFT active on VEN2 and EFTT, otherwise the document will reject.

Logic Tests on Payment Voucher Amounts

Payment voucher transaction amounts are subjected to the following tests:

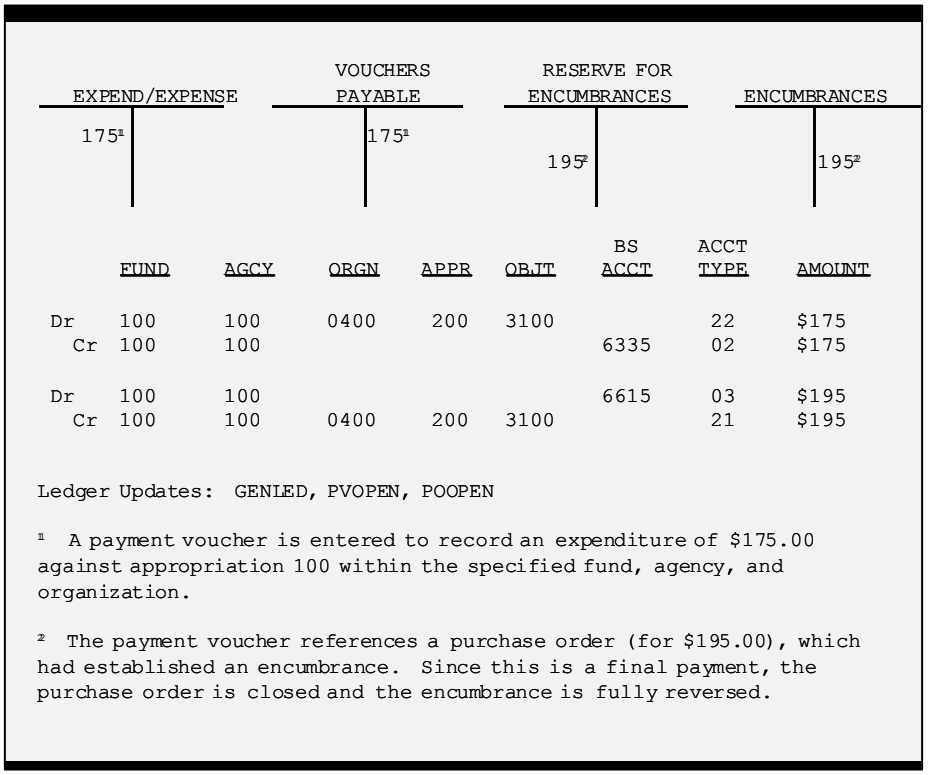
- When budgetary "full" controls are in effect, the unobligated balances must be greater than a new obligation or a net change in obligations.
- A decrease transaction cannot reduce the payment voucher to less than the payment voucher closed amount.
- The payment voucher cannot cause the amount expended against a purchase order to exceed the tolerance limits set recorded in System Control Options (SOPT) or Fund (FUN2).

Accounting Model and the Ledgers

When a payment voucher transaction is processed by AFS, ledger records are posted to the Current Detail General Ledger (GENLED), the Open Payment Voucher Ledger (PVOPEN), and the Open Purchase Order Ledger (POOPEN)- if a purchase order has been referenced.

Due to the many uses of the payment voucher, one of several different accounting models may be used to record the accounting event. Figure 2-13 presents the accounting model used for a standard payment voucher referencing a purchase order.

Figure 2-13
Accounting Model for Payment Vouchers



	FUND	AGCY	ORGN	APPR	OBJT	BS ACCT	ACCT TYPE	AMOUNT
Dr	100	100	0400	200	3100		22	$175
Cr	100	100				6335	02	$175
Dr	100	100				6615	03	$195
Cr	100	100	0400	200	3100		21	$195

Ledger Updates: GENLED, PVOPEN, POOPEN

[1] A payment voucher is entered to record an expenditure of $175.00 against appropriation 100 within the specified fund, agency, and organization.

[2] The payment voucher references a purchase order (for $195.00), which had established an encumbrance. Since this is a final payment, the purchase order is closed and the encumbrance is fully reversed.

Below are accounting models for other payment vouchers.

- For a refund from an organization without an original fund:

  Dr Revenue
  Cr Liabilities (vouchers payable)

  If the organization is linked to an original fund, then the revenue is automatically transferred from the original fund to the final fund, as follows:

Dr	Revenue	FOR ORIGINAL FUND
Cr	Assets (Cash)	FOR ORIGINAL FUND
Dr	Assets (Cash)	FOR ORIGINAL FUND
Cr	Expend. (Auto Transfer Out)	FOR ORIGINAL FUND
Dr	Revenue (Transfers In)	FOR FINAL FUND
Cr	Liabilities (vouchers payable)	FOR FINAL FUND

In all cases, the amount used is the payment voucher line amount.

- For a payment voucher with no prior purchase order referenced:

  Dr Expenditures/Expenses
  Cr Liabilities (vouchers payable)

The amount used is the payment voucher line amount.

- For a payment voucher with a reference to a purchase order,

  Dr Expenditures/Expenses
  Cr Liabilities (vouchers payable)

  Dr Reserve for Encumbrances
  Cr Encumbrances

When the liability is partial, the amount used is the payment voucher line amount. When the liability is final and is different from the purchase order amount, the payment voucher amount is used to record the expenditure, but the purchase order amount is used to reverse the encumbrance. The vouchers payable balance sheet account is inferred from System Special Accounts (SPEC).

Tables

Open Voucher Tables

There are three open voucher tables:

- Open PV Line Inquiry (OPVL)
- Open Payment Voucher Header Inquiry (OPVH)
- Open PV Header by Document Number Inquiry (OPVD)

When a payment voucher document is processed, a line is created in Open PV Line Inquiry (OPVL) for each line on the document (either PV, P1 or PVQ). One line is also created in Open Payment Voucher Header Inquiry (OPVH), containing summary data from the header portion of the document. One record is also created in Open PV by Document Number Inquiry (OPVD) which contains only the key information of voucher number and vendor code. This table is useful in locating payment vouchers when the vendor code is not known but the voucher number is. The user can scan this table until the appropriate payment voucher number and vendor combination is found. The user can then specify a leaf action and the system will automatically leaf to the appropriate record on Open Payment Voucher Header Inquiry (OPVH). If modifying transactions are accepted, the entries in the open item tables are updated to reflect the modifications.

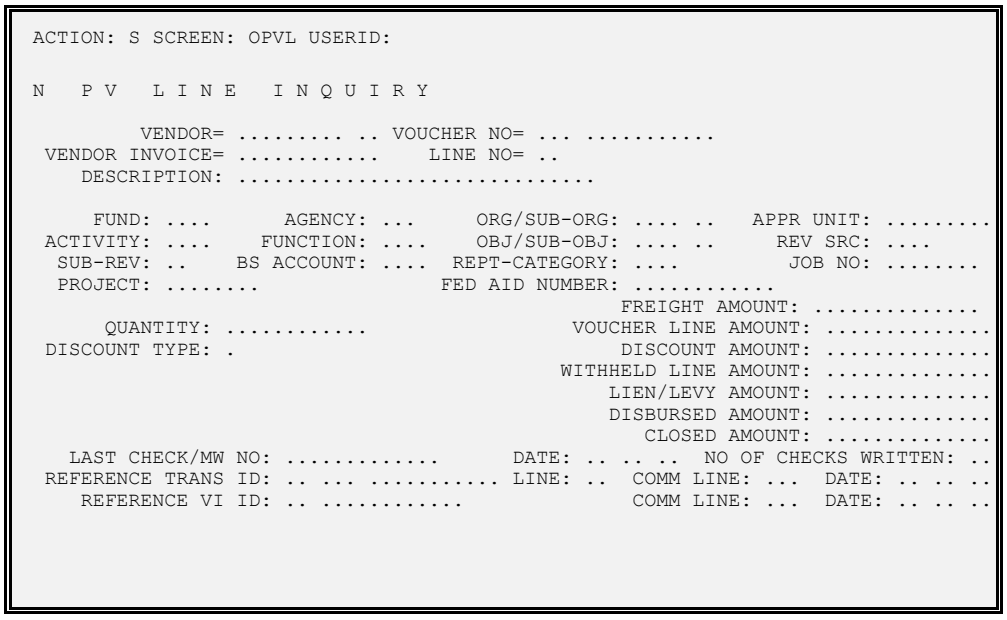
A payment voucher line is considered closed when its outstanding amount is zero.

A record in Open Payment Voucher Header Inquiry (OPVH) is closed when all of its related lines are closed in Open PV Line Inquiry (OPVL). When an open item record is considered closed, AFS adds a closing date and closing amount to the header record.

Internal Vouchers are not added to these tables. II Type 2 (inter-fund) vouchers are posted directly to cash. II Type 3 (intra-fund) vouchers do not generate liabilities and, therefore, do not require any further processing.

Figure 2-14 is a sample screen from Open PV Line Inquiry (OPVL). Figure 2-15 illustrates Open Payment Voucher Header Inquiry (OPVH). Figure 2-16 is a sample screen from Open PV by Document Number Inquiry (OPVD).

Figure 2-14
Open PV Line Line Inquiry (OPVL)



```
ACTION: S SCREEN: OPVL USERID:

N   P V   L I N E   I N Q U I R Y

         VENDOR= ......... .. VOUCHER NO= ... ...........
 VENDOR INVOICE= ............    LINE NO= ..
    DESCRIPTION: ..............................

     FUND: ....      AGENCY: ...     ORG/SUB-ORG: .... ..   APPR UNIT: .........
 ACTIVITY: ....    FUNCTION: ....    OBJ/SUB-OBJ: .... ..     REV SRC: ....
  SUB-REV: ..    BS ACCOUNT: ....  REPT-CATEGORY: ....         JOB NO: ........
  PROJECT: ........              FED AID NUMBER: ............
                                                FREIGHT AMOUNT: ..............
     QUANTITY: ............                VOUCHER LINE AMOUNT: ..............
 DISCOUNT TYPE: .                             DISCOUNT AMOUNT: ..............
                                           WITHHELD LINE AMOUNT: ..............
                                               LIEN/LEVY AMOUNT: ..............
                                               DISBURSED AMOUNT: ..............
                                                  CLOSED AMOUNT: ..............
   LAST CHECK/MW NO: ............      DATE: .. .. ..  NO OF CHECKS WRITTEN: ..
 REFERENCE TRANS ID: .. ... ........... LINE: ..  COMM LINE: ...  DATE: .. .. ..
    REFERENCE VI ID: .. ............              COMM LINE: ...  DATE: .. .. ..
```

Figure 2-15
Open Payment Voucher Header Inquiry (OPVH)

```
ACTION: . SCREEN: OPVH USERID:
    O P E N   P A Y M E N T   V O U C H E R   H E A D E R   I N Q U I R Y
        VENDOR= ......... ..          VOUCHER NUMBER= ... ..........
          NAME: ............................
       ADDRESS: ............................
              : ............................
          CITY: ..................  STATE: ..    ZIP: ..........

   VOUCHER DATE: .. .. ..       VOUCHER TYPE: .           EFT IND/TYPE: . / ..
 SCHED PYMT DATE: .. .. ..          BUDGET FY: ..         HOLD PYMT IND: .
OFFSET LIAB ACCT: ....                                     FREIGHT IND: .
  CHECK CATEGORY: ..                                    SINGLE CHECK IND: .

       VOUCHER AMOUNT: ..............         TOTAL QUANTITY: ............
      DISCOUNT AMOUNT: ..............         FREIGHT AMOUNT: ..............
      WITHHELD AMOUNT: ..............             TAX CODE: ...
        CLOSED AMOUNT: ..............         USE TAX AMOUNT: ..............
   OUTSTANDING AMOUNT: ..............            CLOSED DATE: .. .. ..
         AGPS CREATED: .                          LIEN/LEVY: .
  ACTUAL DELIVERY DATE: .. .. ..             REMIT TO VENDOR: ......... ..
                                             REMIT TO AMOUNT: ..............
                                           REMIT TO VOUCHER: ...........
```

Figure 2-16
Open PV by Document Number Inquiry (OPVD)

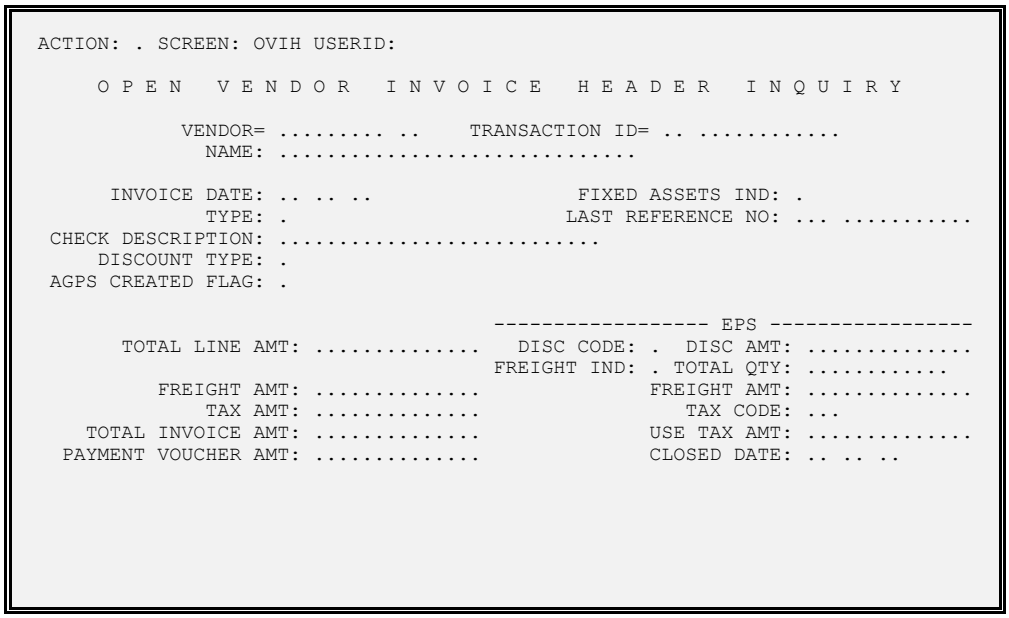
```
ACTION: . SCREEN: OPVD USERID:

     O P E N   P V   B Y   D O C U M E N T   N U M B E R   I N Q U I R Y

    VOUCHER NUMBER   VENDOR
    ==============  ============
01- ... ...........  ......... ..
02- ... ...........  ......... ..
03- ... ...........  ......... ..
04- ... ...........  ......... ..
05- ... ...........  ......... ..
06- ... ...........  ......... ..
07- ... ...........  ......... ..
08- ... ...........  ......... ..
09- ... ...........  ......... ..
10- ... ...........  ......... ..
11- ... ...........  ......... ..
12- ... ...........  ......... ..
13- ... ...........  ......... ..
14- ... ...........  ......... ..
15- ... ...........  ......... ..
```

Open Vendor Invoice Header Inquiry

This table includes information from the line of the payment voucher transaction and captures amounts associated with the invoice from the vendor which is coded on the payment voucher. Invoice numbers are required on payment documents (PVs, IIs, MWs). Invoice numbers must be unique statewide.

Entries are added to this table when new payment voucher transactions with an invoice number are accepted by AFS. Table entries are changed when modifications are submitted on these transactions. When an invoice number field is used on a payment voucher, an entry is added to Open Vendor Invoice Header Inquiry (OVIH). Lines are deleted from the table according to a schedule to be determined by OSRAP. Figure 2-17 illustrates Open Vendor Invoice Header Inquiry (OVIH).

Figure 2-17
Open Vendor Invoice



Payment Voucher Transaction

Figure 2-18 is the AFS standard payment voucher (transaction code PV) input screen. See *ISIS/AFS Online Features* for coding instructions.

Figure 2-18a
PV Input Screen

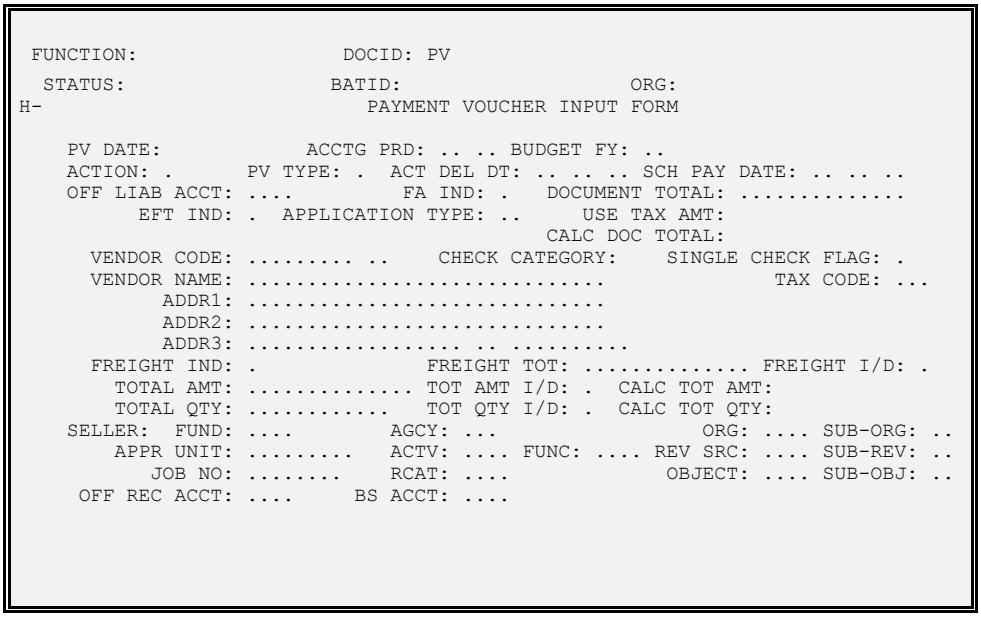


Figure 2-18b
PV Input Screen

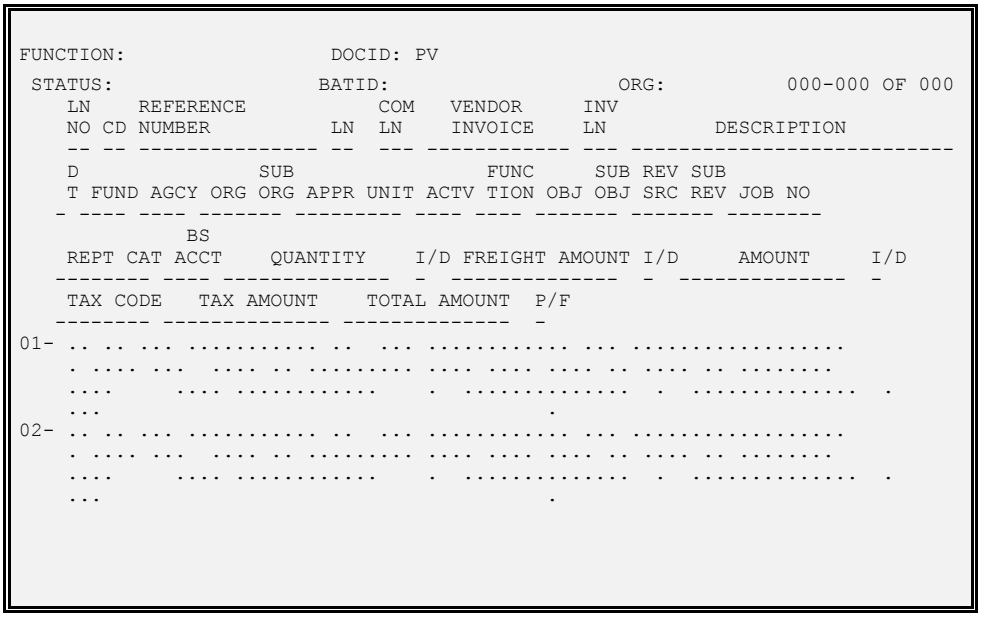


Figure 2-19 is a sample payment voucher input form, coded to record the receipt of goods ordered by a previous purchase order.

Figure 2-19a
Sample PV Transaction

```
 FUNCTION:                DOCID: PV   252   PV000005296
  STATUS:                BATID:                  ORG:
H-                          PAYMENT VOUCHER INPUT FORM

    PV DATE:            ACCTG PRD:       BUDGET FY: 98
    ACTION: E      PV TYPE: 1  ACT DEL DT: 05 12 98 SCH PAY DATE: 05 19 98
    OFF LIAB ACCT:              FA IND:     DOCUMENT TOTAL:         440.00
          EFT IND:    APPLICATION TYPE:        USE TAX AMT:
                                              CALC DOC TOTAL:
      VENDOR CODE: 811540052 01    CHECK CATEGORY:    SINGLE CHECK FLAG:
      VENDOR NAME:                                          TAX CODE:
            ADDR1:
            ADDR2:
            ADDR3:
      FREIGHT IND:                FREIGHT TOT:                FREIGHT I/D:
        TOTAL AMT:                TOT AMT I/D:    CALC TOT AMT:
        TOTAL QTY:                TOT QTY I/D:    CALC TOT QTY:
    SELLER:  FUND:              AGCY:                    ORG:      SUB-ORG:
        APPR UNIT:              ACTV:      FUNC:      REV SRC:      SUB-REV:
           JOB NO:              RCAT:                  OBJECT:      SUB-OBJ:
     OFF REC ACCT:          BS ACCT:
```

Figure 2-19b
Sample PV Transaction

```
 FUNCTION:                DOCID: PV   252  PV000005296
 STATUS:                BATID:                  ORG:          000-000 OF 000
   LN    REFERENCE           COM   VENDOR     INV
   NO CD NUMBER          LN  LN    INVOICE    LN         DESCRIPTION
   -- -- --------------- --  --- ------------ --- --------------------------
   D              SUB               FUNC     SUB REV SUB
   T FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV JOB NO
   - ---- ---- ------- --------- ---- ---- ------- ------- --------
             BS
    REPT CAT ACCT    QUANTITY    I/D FREIGHT AMOUNT I/D     AMOUNT     I/D
   -------- ---- --------------  -  --------------  -  --------------  -
    TAX CODE   TAX AMOUNT    TOTAL AMOUNT  P/F
   -------- -------------- --------------  -
01- 01 PO 252 PO00123400  01      VINV-0145        AIR CONDITIONERS

                                                                240.00

02- 02 PO 252 PO00123400  01      VINV-0145

                                                                200.00
```

Vendor Payment Voucher

Figure 2-20 is the AFS standard Vendor Payment Voucher (P1) input screen. See *ISIS/AFS Online Features* for coding instructions.

Figure 2-20
Sample P1 Transaction

```
 FUNCTION:                DOCID:
  STATUS:                 BATID:                  ORG:         000-000 OF 000
                    VENDOR PAYMENT VOUCHER INPUT FORM
PV DATE:          ACCT PD: .. .. BFY: .. ACT: . SINGLE CHECK: . TC: ... FA: .
EFT IND/TYPE: . / .. CHECK CAT:    OFF LIAB ACCT: .... SCHED PAY DATE: .. .. ..
VENDOR: ......... ..     ACT DEL DATE: .. .. ..  DOC TOTAL: ..............
  NAME: ..............................             USE TAX:
  ADDR: ..............................      CALC DOC TOTAL:
      : ..............................    FREIGHT IND: .
      : .................. .. ..........  FREIGHT TOT: ..............  I/D: .
TOT AMT: .............. I/D: .  CAL AMT:
TOT QTY:   ............ I/D: .  CAL QTY:
LN    REFERENCE          COM VENDOR       INV
NO CD NUMBER          LN LN  INVOICE      LN  FUND AGCY ORG/SUB APPR UNIT ACTV
-- -- --------------- -- --- ------------ --- ---- ---- ------- --------- ----
FUNC OBJ/SUB RSRC/SUB JOB/PROJ RCAT BACC DT    DESCRIPTION       QUANTITY   I/D
---- ------- -------- -------- ---- ---- -  ------------------ ------------ ---
TAX CD FREIGHT AMOUNT I/D     AMOUNT     I/D   TAX AMOUNT    TOTAL AMOUNT  P/F
------ --------------  -  --------------  -  -------------- --------------  -
.. .. ... ............ .. ... ............ ... .... ...  .... .. ......... ....
.... .... .. ....  .. ........ .... .... .  .................. .............  .
...    ..............  .  ..............  .                                  .
```

Quick Payment Voucher

A Quick Payment Voucher (PVQ) transaction also exists in AFS. It is a simplified version of the Payment Voucher (PV). It contains both header and line data on one screen thus enabling speedier data entry. The Quick Payment Voucher (PVQ) will display as a payment voucher on ledger entries and on inquiry tables. Figure 2-21 shows the AFS Quick Payment Voucher input screen. See *ISIS/AFS Online Features* for coding instructions.

Figure 2-21
Sample PVQ Transaction

```
 FUNCTION:                DOCID:
   STATUS:                BATID:                  ORG:         000-000 OF 000
 H-                       QUICK PAYMENT VOUCHER INPUT FORM
   DATE:             ACCT PRD: .. ..    BFY: ..    ACT: .
   VENDOR CODE: ......... .. ACT DEL DT: .. .. .. SCH PAY DATE: .. .. ..
          NAME: ..............................   OFF LIAB ACCT: ....
       ADDRESS: ..............................  DOCUMENT TOTAL: ..............
                ..............................  CALC DOC TOTAL:
                .................. .. ..........         FA IND: .
   EFT IND: . APPLICATION TYPE: .. SINGLE CHECK FLAG: .  CHECK CATEGORY:
   LN                        COM
   NO REF CD/NUMBER/LN       LN  VI NUMBER/LN     DESCRIPTION
   -- --------------------- --- ---------------- --------------------------
   FUND AGCY ORG/SUB APPR UNIT ACTV FUNC OBJ/SUB REV/SUB  JOB NO  RCAT BS ACCT
   ---- ---- ------- --------- ---- ---- ------- ------- -------- ---- -------
   DISC TYPE  LINE AMOUNT   I/D P/F   QUANTITY   I/D
   --------- -------------- --- --- ------------ ---
01- .. .. ... ............ .. ... ............ ... ...................
   .... ...  .... .. ......... .... .... .... .. .... .. ........ .... ....
   .         ..............  .   .  ............  .
```

Internal Vouchers

An Internal Voucher (II) transaction must be submitted to end the expenditure processing chain for internal transactions. A manual warrant is not valid for internal transactions. The type of voucher field on the internal voucher header identifies the voucher as internal. Valid voucher types are "2" and "3".

A Type 1 payment voucher is a normal vendor payment. No special posting occurs for Type 1 vouchers.

A Type 2 payment voucher, which transfers money between different funds, posts appropriate accounting entries to the General Ledger for both the buyer and the seller (revenue and cash entries in the seller's fund, and expenditure and cash entries in the buyer's fund). Furthermore, if the seller's organization is linked to an original fund, additional postings are created to transfer the revenue from the original fund to the final fund. (See below).

For Internal Voucher (II) transactions in the State of Louisiana, the cash account is determined in the following way:

For the buyer: The cash account is inferred from Organization (ORG2) for the organization coded on the transaction.

For the seller: The cash account is inferred Organization (ORG2) for the organization coded on the transaction.

A Type 3 internal voucher, which transfers money to different accounts within the same fund, posts appropriate revenue and expenditure entries in the General Ledger. Cash lines are also posted within the fund. Furthermore, if the seller's organization is linked to an original fund, additional postings are created to transfer the revenue from the original fund to the final fund. (See below).

Type 2 and 3 payment vouchers are also subject to a cash check at the time of processing. The Check Cash Indicator on Appropriation Inquiry (Extended) (EAP2) dictates where available cash will be determined when the transaction processes. This indicator is set for each appropriation individually. There are three options for this indicator: "**C**" (Cash [CASH]), "**M**" (the available cash for the appropriation), or "**N**" (no cash check). If there is insufficient cash, the user will receive an error message. For more information on the Check Cash Indicator, see Chapter 4 of the *ISIS/AFS User Guide, Vol I.*

Internal payment vouchers are not stored in the Open Payment Voucher Tables. To change the results of a previously entered internal transaction, code a new internal voucher transaction using the batch modification process.

Accounting Treatment of Internal Vouchers

When internal vouchers are used, AFS ensures that both revenue and expenditure entries from an intra-governmental purchase and sale are recorded simultaneously by generating both the invoice and voucher transactions. Accordingly, the AFS internal payment voucher can serve as the seller's invoice as well as the buyer's payment voucher. The specific accounting procedures are as follows:

- **Inter-Fund Vouchers.** If the selling entity is in a different fund than the purchasing entity, the AFS voucher generates both revenue and cash entries in the selling fund, as well as the expenditure and cash entries in the buying fund. The default cash accounts are the accounts inferred through the organization code. If the seller's organization is linked to an original fund, additional postings are created to transfer the revenue from the original to the final fund. (See below).

- **Intra-Fund Vouchers.** If the selling entity is in the same fund as the purchasing entity, the AFS voucher records revenue to the seller and an expenditure to the buyer. Cash lines to offset the revenue and expenditure lines are also automatically produced by AFS, using the cash account coded for each organization on Organization (ORG2). If the seller's organization is linked to an original fund, additional postings are created to transfer the revenue from the original fund to the final fund. (See below).

The ledger postings produced by a type 2 or 3 internal voucher are:

- If the seller organization does not use an original fund:

For the Buyer:
Dr Expenditures
Cr Assets (Cash)

For the Seller:
Dr Assets (Cash)
Cr Revenue

- If the seller organization is linked to an original fund:

For the Buyer:
Dr Expenditures
Cr Assets (Cash)

For the Seller:

Dr	Assets (Cash)	FOR ORIGINAL FUND
Cr	Revenue	FOR ORIGINAL FUND
Dr	Expend. (Auto Transfer Out)	FOR ORIGINAL FUND
Cr	Assets (Cash)	FOR ORIGINAL FUND

Dr	Assets (Cash)	FOR FINAL FUND
Cr	Revenue (Transfer In)	FOR FINAL FUND

In all cases, the amount used is the payment voucher line amount.

If the transaction is transferring money within a fund (a Type 3), the internal voucher is also required, but no check will be written, and a manual warrant is not allowed. Internal vouchers for intra-fund transfers are automatically closed as soon as they are entered in the system. (The internal voucher must be submitted to clear the purchase order and to effect the change in the budgeted balance for the fund/agency involved.)

Recurring Payment Vouchers

The recurring payment voucher capability of AFS automatically generates transactions on a monthly, bi-monthly, quarterly, or end-of-quarter basis using data that users have previously entered on Recurring Payment Voucher (REPV). The information is entered only once, along with starting and ending dates and an indicator controlling how often the transaction should be generated. An offline job actually generates the transactions and adds them to Document Suspense (SUSF). Users can then access the transactions in correction mode, change them if desired, and process them.

This facility is useful for accounting events such as rent payments, utility payments, etc. Information is entered in Recurring Payment Voucher (REPV); see the *ISIS/AFS Online Features* for coding instructions. During table data entry, the data is validated to a limited extent. Codes are validated against the entry start date and fiscal year. However, no checks are made against budget tables. That type of validation occurs when the transactions are processed by the Payment Voucher (PV) document processor. Also note the following three points about entering data in Recurring Payment Voucher (REPV):

1) Since the user may not always know the exact line amount when the recurring information is being entered, the amount field may be left blank. If it is, the system places the words "FILL-IN" in the amount field to serve as a reminder that an amount is still required. You may enter the real amount in Recurring Payment Voucher (REPV) at a later time, or wait until the transaction has been added to Document Suspense (SUSF) and change it there.

2) You may enter incomplete previous document references. For example, you may enter the referenced purchase order document number without the line number. The reference can be completed either in Recurring Payment Voucher (REPV) or in Document Suspense (SUSF).

3) The Actual Delivery Date field and Vendor Invoice field of the created Payment Voucher will be left blank. These fields must be completed before.

The Frequency Type field indicates how often the transaction should be generated, as follows:

```
F   A one-time future transaction
M - Monthly transaction
B - Bi-monthly transaction
      (every other month)
Q - Quarterly transaction
E - End of quarter transaction
      (Last month of quarter)
```

The recurring payment voucher offline job will be run once a month, on the last day of the month. The payments voucher will then be available on Document Suspense (SUSF) on the first day of the next month.

The generated transactions will have accounting periods as follows:

- If the current accounting period and budget fiscal year parameters are provided in Application Dates (LDAT) entry for the offline jobs, those values will be used on the generated documents.

- If Application Dates (LDAT) parameters are blank, those fields will be blank on the generated documents, and will be inferred from the document's transaction date by the Payment Voucher document processor. The transaction date on the generated documents will be the date the job was run (run date).

To-Date Parameter

The to-date parameter in Application Dates (LDAT) is used as follows to determine whether particular entries in the table should be selected for transaction generation:

- If the entry's start-date is after the to-date, the entry will not be selected.

- If the entry's end-date is before the to-date, the entry will not be selected. (It will be deleted.)

- The program will compare the entry's latest date posted field and the to-date parameter, to determine whether it is time to generate another transaction for the entry.

The to-date parameter is also used for the following purposes:

- It becomes the latest date posted field for selected entries.

- It becomes the batch date and transaction date for the generated payment voucher transactions.

- If the recurring table entry's end-date is before or equal to the to-date, the entry is deleted.

Document IDs

The recurring payment vouchers are not batched. The document ID will be:

- **Transaction Code.** "PV".
- **Submitting Agency.** The submitting agency from the Recurring Payment Voucher (REPV) entry.
- **Document Number.** The payment voucher number from Recurring Payment Voucher (REPV) entry (9 digits) followed by the to-date month from the document's Application Dates (LDAT) entry. Blanks will be replaced by "**".

The documents will be loaded to Document Suspense (SUSF) with a status of scheduled for offline processing.

Selection Examples

Figure 2-22 shows the relationship between the various dates in the selection process for recurring payment vouchers. A "Y" in the "selected" column means that a document was generated and added to Document Suspense (SUSF). A "Y" in the "Deleted" column means that the entry in Recurring Payment Voucher (REPV) was deleted.

Figure 2-22 - *Recurring Payment Voucher Selection Examples*

Frequency		Start Date	End Date	To-Date 01-01-95 Select	To-Date 01-01-95 Delete	To-Date 02-01-95 Select	To-Date 02-01-95 Delete	To-Date 03-01-95 Select	To-Date 03-01-95 Delete	To-Date 03-01-95 Select	To-Date 03-01-95 Delete
PV-01	F	01-01-95	-	Y	Y	-	-	-	-	-	-
PV-02	F	02-15-95	-	N	N	N	N	Y	Y	-	-
PV-03	M	03-01-95	12-31-95	Y	N	Y	N	Y	N	Y	N
PV-04	M	01-01-95	03-01-95	Y	N	Y	N	Y	Y	-	-
PV-05		01-01-95	02-01-95*	Y	N	Y	Y	-	-	-	-
PV-06	M	01-01-95	02-28-95*	Y	N	Y	N	N	Y	-	-
PV-07	M	02-01-95	12-31-95	N	N	Y	N	Y	N	Y	N
PV-08		01-15-95	12-31-95	N	N	Y	N	Y	N	Y	N
PV-09	B	01-01-95	12-31-95	Y	N	N	N	Y	N	N	N
PV-10	B	01-15-95	12-31-95	N	N	Y	N	N	N	Y	N
PV-11	B	01-01-95	02-15-95	Y	N	N	N	N	Y	-	-
PV-12	Q	01-01-95	12-31-95	Y	N	N	N	N	N	Y	N
PV-13	Q	03-01-95	12-31-95**	N	N	N	N	Y	N	Y	N
PV-14	E	01-01-95	12-31-95***	N	N	N	N	Y	N	N	N

* Note that when the ending date equals the to-date, the entry is selected (i.e., a document is generated in DDM for it) and then immediately deleted. However, when the ending date is after the current to-date (but before the next run's to-date), the entry is not deleted immediately.

** A frequency of "Q" means once per quarter, not every three months. Thus, the entry would be not selected for two succeeding months. It will not be selected again until the to-date is 07-01-85.

*** A frequency of ***E*** means third month of each quarter. The above example for ***E*** assumes that 1/1/95 is the first month of a fiscal quarter and 3/1/95 is the third month of the same quarter. This entry would be selected again on 6/1/95, 9/1/95, and 12/1/95 and would then be deleted on 12/1/95.

Manual Warrants

A Manual Warrant (MW) transaction records in the system checks that have been written manually. The manual warrant causes AFS to obligate a fund (if this has not already been done by a referenced document), and to adjust cash balance sheet accounts.

One Manual Warrant (MW) transaction represents a single check. A manual warrant can be the first (and therefore only) document in the obligation chain. Usually, however, the manual warrant is preceded by purchase orders or payment vouchers. The appropriate purchase order or payment voucher must be a referenced on the manual warrant, so the appropriate lines can be updated on the open item tables. Amounts on manual warrants can be different from the amounts on referenced purchase orders or payment voucher lines.

Most actions that can be performed on payment vouchers can also be done on manual warrants. The difference is that payment vouchers post to liability accounts, whereas manual warrants post directly to cash. The following discussions in the payment voucher section also apply to manual warrants:

- "Vendor Discounts"
- "Refunds"

Manual Warrant (MW) documents are not allowed for vendors with a Lien/ Levy or Backup Withholding recorded against them. If a user attempts to process an MW against such a vendor, the document will reject and an error message will appear informing the user that the vendor is subject to a Lien/Levy or Backup Withholding.

Check Cash Indicator and Manual Warrants

The Check Cash Indicator on Appropriation Inquiry (Extended) (EAP2) dictates where available cash will be determined when a transaction or automated disbursement processes. This indicator is set for each appropriation individually. There are three options for this indicator: "**C**" (Cash [CASH]), "**M**" (the available cash for the appropriation), or "**N**" (no cash check). Cash balances on the CASH and appropriation tables are impacted by Manual Warrants, along with other documents.

Although the Manual Warrant updates the cash balance, it is not subject to a logic test for cash available with this edit. Manual Warrants process even without sufficient cash.

For more information on the Check Cash Indicator, please see Chapter 4 of the *ISIS/AFS User Guide, Volume I.*

Logic Tests on Manual Warrant Amounts

Manual warrants are subject to the same tests as payment vouchers. See the discussion on "Logic Tests on Payment Voucher Amounts" for a list of criteria.

Accounting Model and Ledger

Manual warrant lines are posted to the Current Detail General Ledger (GENLED) in the following manner:

- Expenditure that is *also* an expense, with no prior document reference,

  Dr Expenditures/Expenses
  Cr Assets (cash)

  The amount posted is the manual warrant line amount.

- Expenditure that is *also* an expense, with a prior payment voucher referenced,

  Dr Liabilities (vouchers payable)
  Cr Assets (cash)

  The amount posted is the manual warrant line amount.

- Expenditure that is *also* an expense, with a prior purchase order referenced (see Figure 2-23 for an illustration of this accounting model),

  Dr Expenditure/Expenses
  Cr Assets (cash)

  Dr Reserve for Encumbrances
  Cr Encumbrances

  The amount posted is the manual warrant line amount when the warrant is a partial payment. When the payment is final, the warrant line amount is used to record the disbursement, and the purchase order amount is used to reverse the encumbrance amount.

When processing a refund of revenue on a manual warrant, if the organization does not use an original fund, then the posting is:

Dr Revenue
Cr Assets (cash)

If the organization is linked to an original fund, then the revenue is automatically transferred from the original fund to the final fund, as follows:

Dr	Revenue	FOR ORIGINAL FUND
Cr	Cash	FOR ORIGINAL FUND
Dr	Cash	FOR ORIGINAL FUND
Cr	Expend. (Auto Transfer Out)	FOR ORIGINAL FUND
Dr	Revenue (Transfers In)	FOR FINAL FUND
Cr	Cash	FOR FINAL FUND

In all cases, the amount used is the manual warrant line amount.

Figure 2-23
Accounting Model for Manual Warrants

CASH	EXPENSE/EXPEND	RESERVE FOR ENCUMBRANCES	ENCUMBRANCES
[1]175	175[1]	175[2]	175[2]

	FUND	AGCY	ORGN	APPR	OBJT	BS ACCT	ACCT TYPE	AMOUNT
Dr	100	100	0400	200	3100		22	$175
Cr	100	100				6000	01	$175
Dr	100	100				6615	03	$175
Cr	100	100	0400	200	3100		21	$175

Ledger Updates: GENLED POOPEN

[1] A manual warrant is entered to record an expenditure of $175.00 and its related cash disbursement using a manually written check. The expenditure is charged to appropriation 100 within the specified fund, agency and organization.

[2] The manual warrant references a purchase order, which had established an encumbrance. The purchase order is closed and the encumbrance reversed.

Tables

Document Control Inquiry (DCTL) tracks manual warrant document numbers used within an accounting period. (The table also tracks cash receipts, journal vouchers, and payroll vouchers.) There is one line in this table for each manual warrant document accepted by the system, for each open accounting period. The line contains only the accounting period, the transaction number, and the date of record. The purpose of the table is to prevent the use of duplicate document numbers within an accounting period. Accounting period is a key in the table.

The AFS monthly clearing process clears all lines in the table according to a schedule established by OSRAP.

Figure 2-24 is a sample Document Control Inquiry (DCTL) screen. A full explanation of this table may be found in the *ISIS/AFS Online Features*.

Figure 2-24
Document Control Inquiry (DCTL)

```
ACTION: . SCREEN: DCTL USERID:

                D O C U M E N T   C O N T R O L   I N Q U I R Y

    ACCOUNTING
    PERIOD       TRANSACTION ID       DATE OF RECORD
    ==========   ==================   --------------
01- .. . ..      .. ... ...........   .. .. ..
02- .. . ..      .. ... ...........   .. .. ..
03- .. . ..      .. ... ...........   .. .. ..
04- .. . ..      .. ... ...........   .. .. ..
05- .. . ..      .. ... ...........   .. .. ..
06- .. . ..      .. ... ...........   .. .. ..
07- .. . ..      .. ... ...........   .. .. ..
08- .. . ..      .. ... ...........   .. .. ..
09- .. . ..      .. ... ...........   .. .. ..
10- .. . ..      .. ... ...........   .. .. ..
11- .. . ..      .. ... ...........   .. .. ..
12- .. . ..      .. ... ...........   .. .. ..
13- .. . ..      .. ... ...........   .. .. ..
14- .. . ..      .. ... ...........   .. .. ..
```

Manual Warrant Transaction

The bank account code is required on all manual warrants. The offset cash account is optional; if it is left blank, the system will infer the cash account through the bank account code. The Vendor Control Option applies to all warrants except when a receiving fund is coded.

On the line level, agency, organization, and object (except for capital outlay) are required on transactions that represent a liquidation of liabilities. Other codes are optional. The budgetary controls (appropriation and expense budget) on Fund Agency (FGY2) also apply to manual warrants.

On refunds, revenue source must be coded instead of object. The revenue budget options control this type of transaction.

On balance sheet transactions, both revenue and object must be blank, and the balance sheet account code provided. AFS purchase orders and payment vouchers may be referenced by manual warrants.

Referencing a Payment Voucher

When a manual warrant references a payment voucher, the warrant does not result in a debit to the expenditure accounting distribution. That was already done by the payment voucher. The manual warrant liquidates the liability created by the payment voucher.

When coding such a transaction, the accounting distribution must match the referenced payment voucher. Since the Prior Document Reference Option on System Control Options (SOPT) is "Y" for Louisiana, the accounting distribution does not have to be coded; it will be inferred when the payment voucher document number is coded in the reference document field on the manual warrant.

The manual warrant closes a payment voucher line when the manual warrant line amount is equal to or greater than the payment voucher line amount. The payment voucher line will be given a closed date in Open PV Line Inquiry (OPVL). If all lines in the payment voucher document are closed, then the corresponding record in Open Payment Voucher Header Inquiry (OPVH) is also assigned a closed date.

If a manual warrant represents a partial payment against a payment voucher, then the scheduled payment date is not deleted, and the outstanding balance on the voucher will be paid the next time the voucher is selected by the cash disbursement cycle.

The *partial/final indicator* indicates whether the line is closing out a purchase order line (final payment) or authorizing partial payment of a reference line amount.

On the line level, the referenced document(s) is coded. The accounting distribution and dollar amount are inferred from the referenced document.

Figure 2-25 is the AFS standard Manual Warrant input form. See *ISIS/AFS Online Features* for coding instructions.

Figure 2-25a
Sample MW Transaction

```
FUNCTION:                DOCID: MW
  STATUS:                BATID:                  ORG:
H-                          MANUAL WARRANT INPUT FORM

    MW DATE:             ACCTG PRD: .. ..    BUDGET FY: ..
    ACTION: .   RECEIVING FUND: ....  BANK ACCT CODE: ..   CASH ACCT: ....
    VENDOR CODE: ......... ..  VENDOR NAME: ..............................
    COMMENTS: ............                  DOCUMENT TOTAL: ..............
                                        CALCULATED DOC TOTAL:
```

Figure 2-25b
Sample MW Transaction

```
 FUNCTION:                DOCID: MW
  STATUS:                BATID:                  ORG:          000-000 OF 000
    ----- REFERENCED DOCUMENT(S) -----
    CD NUMBER          LN LN    INVOICE    LN
    -- --------------- -- --- ------------ ---
                   SUB                FUNC     SUB REV SUB  JOB
    FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV NUMBER   REPT CAT
    ---- ---- ------- --------- ---- ---- ------- ------- -------- --------
     BS    ACTUAL                                      I               I P
    ACCT  DEL DATE      DESCRIPTION       QUANTITY    D     AMOUNT     D F
    ---- ---------- ------------------ ------------ - -------------- - -
01- .. ... ........... .. ... ............ ...
    .... ...  .... .. ......... .... .... .... .. .... .. ......... ....
    ....  .. .. ..  ...................  ............ . ............... . .
02- .. ... ........... .. ... ............ ...
    .... ...  .... .. ......... .... .... .... .. .... .. ......... ....
    ....  .. .. ..  ...................  ............ . ............... . .
03- .. ... ........... .. ... ............ ...
    .... ...  .... .. ......... .... .... .... .. .... .. ......... ....
    ....  .. .. ..  ...................  ............ . ............... . .
```

Figure 2-26 is an illustration of a Manual Warrant input screen, coded to reflect a partial payment against the voucher shown in Figure 2-19.

Figure 2-26a
Illustration MW Transaction

```
 FUNCTION:                DOCID: MW   347  MW000000592
  STATUS:                BATID:                   ORG:
H-                          MANUAL WARRANT INPUT FORM

    MW DATE: 03 30 98    ACCTG PRD:          BUDGET FY: 98
    ACTION: E   RECEIVING FUND:       BANK ACCT CODE: 10   CASH ACCT:
    VENDOR CODE: 620139960 00 VENDOR NAME:
    COMMENTS: PARTIAL DAY                  DOCUMENT TOTAL:         240.00
                                          CALCULATED DOC TOTAL:
```

Figure 2-26b
Illustration MW Transaction

```
 FUNCTION:                DOCID: MW   347  MW000000592
 STATUS:                BATID:                   ORG:          000-000 OF 000
   ----- REFERENCED DOCUMENT(S) -----
 CD NUMBER          LN LN    INVOICE    LN
 -- --------------- -- --- ------------ ---
              SUB               FUNC     SUB REV SUB  JOB
   FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV NUMBER   REPT CAT
   ---- ---- ------- --------- ---- ---- ------- ------- -------- --------
    BS    ACTUAL                                    I               I P
   ACCT  DEL DATE      DESCRIPTION       QUANTITY   D     AMOUNT     D F
   ---- ---------- ------------------- ------------ - -------------- - -
01- PV 347 PV000005296 01

        05 15 98                                            240.00   P
02-


03-
```

Automated Disbursements

Two processes disburse funds based on vouchers payable information in Open Payment Voucher Header Inquiry (OPVH) and Open PV Line Inquiry (OPVL). The Automated Cash Disbursement process prints checks based on this information; the Electronic Funds Transfer (EFT) process initiates the transfer of payments based on this information from your bank account to the vendor's bank account and can create a Remittance Advice form as physical notification. Both processes take discounts, liens/levies, backup withholding, and vendor credits into account before the payment is made.

The payments are selected for EFT or check printing based on available cash as well as selection criteria provided by the user. Payments may be included or excluded by vendor, agency, and maximum disbursement amount in the fiscal year. A voucher pre-selection can be made, with the results printed on a report, before the actual selection and payment occurs. This preliminary step provides a way to review and approve transfers before the EFTs bank file is created or before checks are printed.

After the reports are verified, the funds to be paid are selected and the checks are printed. The disbursement reports, such as the check register or the transfer register, are then produced. Should the check register not match the actual checks (due to an operational error during the disbursements process), a reprinting and renumbering activity can be run to correct check errors. The example that follows shows the sequence for processes used in the automated disbursement process.

Voucher Preselection

The funds disbursement process is initiated by having the following reports run:

- Scheduled Payment Turnaround Report (1G06)
- Unscheduled Payment Turnaround Report (1G07)

If you are electronically transferring funds, run the following reports:

- EFT Scheduled Payment Turnaround Report (1G25)
- EFT Unscheduled Payment Turnaround Report (1G26).

Reports 1G06 and 1G25 list all outstanding payment vouchers that were selected based on the parameters provided. 1G07 and 1G26 display all outstanding vouchers that were not selected for the first report. Line detail from OPVL is included on each of these reports. See the *ISIS/AFS Reports Manual* for descriptions and samples of these reports.

Figure 2-27a
Automated Disbursements Process

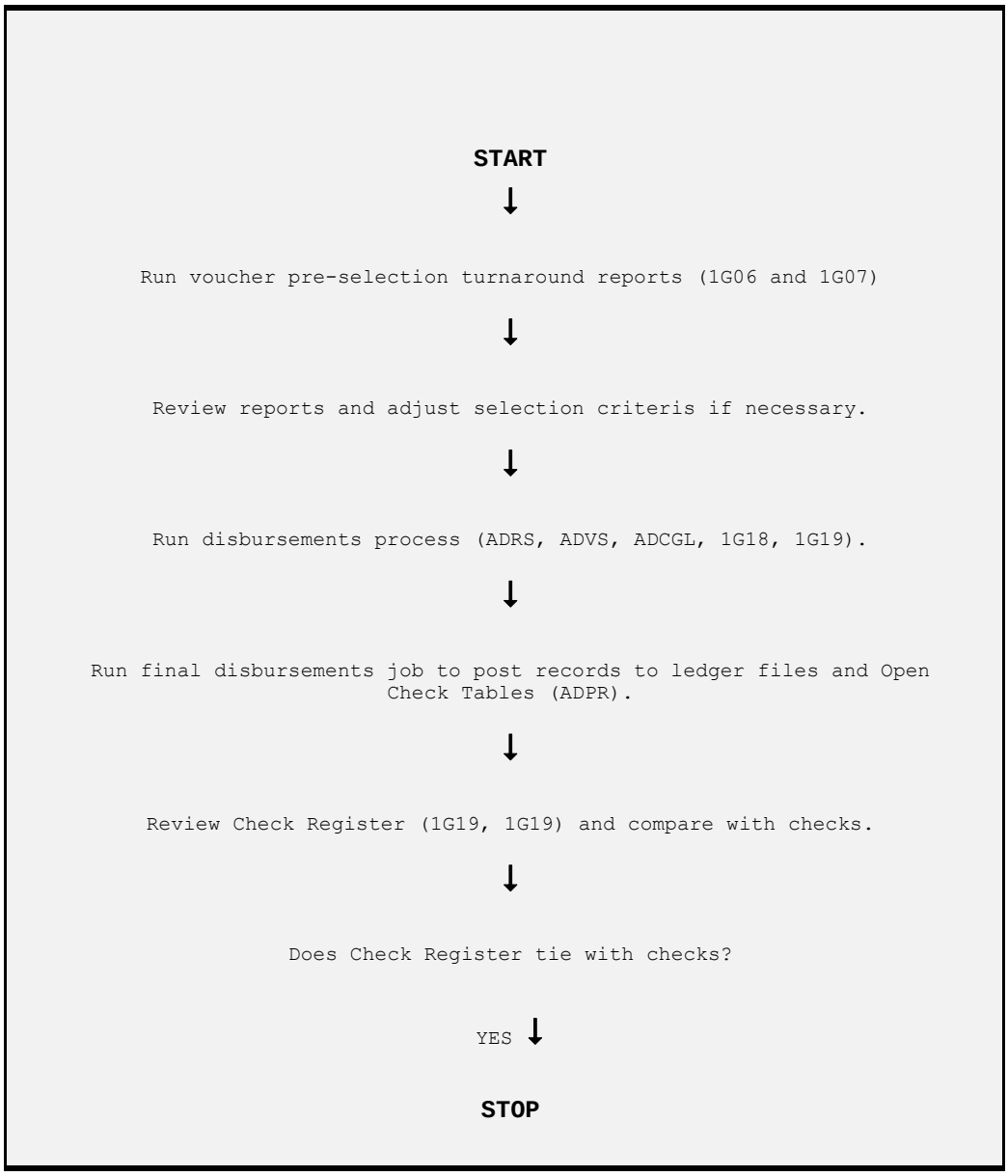
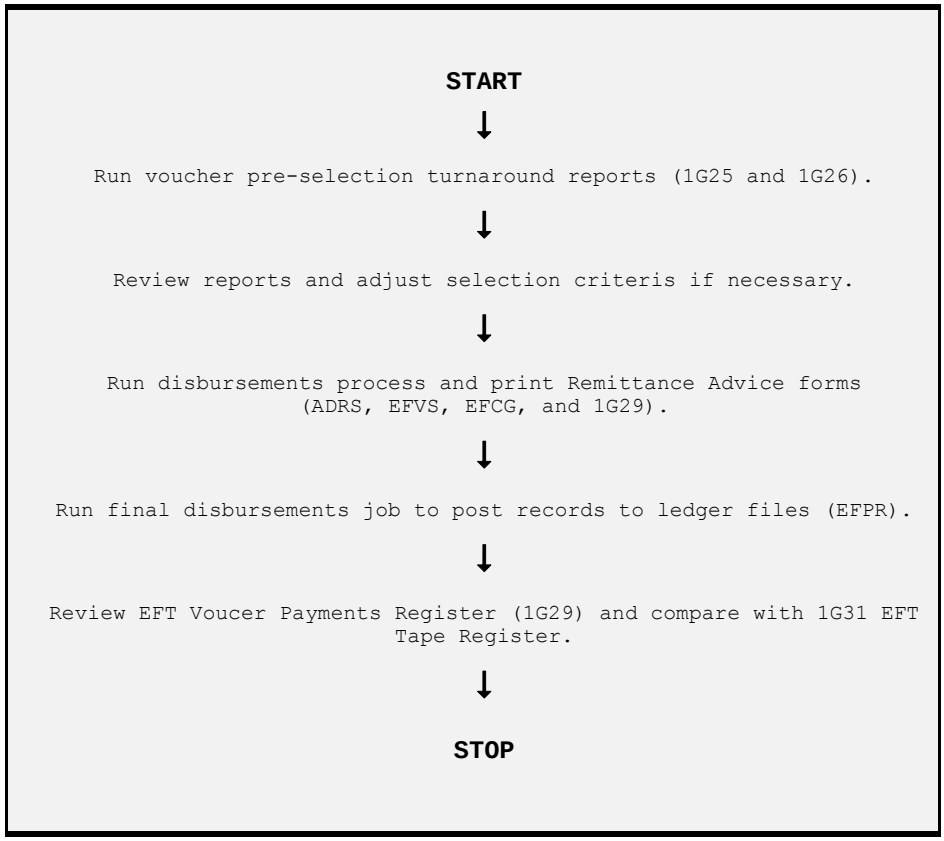


Figure 2-27b
Electronic Funds Transfer Process



In addition to the payment voucher line detail, the reports also summarize all vouchers selected by vendor, and calculate a total amount for each vendor. Only one check or transfer line is written per vendor, even if multiple voucher documents exist for the vendor. The summarized amount includes any credit memos (the vendor owes the government money) that may exist for the vendor.

The summarized amounts do not include discounts, liens, levies, or backup withholdings. Discount qualification is based on the number of days between the voucher date and the check date. Therefore, discount calculation is meaningful only at the time of the check run.

Based on the information in these reports, you may want to contact OSRAP or the State Treasurer's Office to:

- Put a payment voucher on hold or take one off hold.
- Change the scheduled payment date on a voucher.
- Change a voucher's EFT status.

The first two actions are done through Payment Voucher Scheduling (SCHD), which is described in the next section, or through a Payment Voucher (PV) modification. The last action is done through the Payment Voucher Scheduling (SCH2) by the State Treasure's Office.

Payment Voucher Scheduling

Payment Voucher Scheduling (SCHD) allows users to change the scheduled payment date and the single-check flag of vouchers in Open Payment Voucher Header Inquiry (OPVH). It also lets authorized users place vouchers on hold. This prevents them from being paid regardless of what their scheduled payment date is. The table is also used to remove the hold status from a voucher.

Changes are made using standard MTI update procedures, as described in the *ISIS/AFS Online Features*. Figure 2-28 is an example of Payment Voucher Scheduling (SCHD). SCH2 is identical to SCHD.

Figure 2-28
Payment Voucher Scheduling

```
ACTION: . SCREEN: SCHD USERID:

            P A Y M E N T   V O U C H E R   S C H E D U L I N G

                VOUCHER          SCHEDULED     HOLD  EFT  CHK  APL  SINGLE
   VENDOR       NUMBER           PAYMENT DATE  IND   IND  CAT  TYP  CHECK FLAG
   ============ ================ ============  ====  ===  ===  ===  ==========
01- ......... .. ... ...........  .. .. ..      .                    .
02- ......... .. ... ...........  .. .. ..      .                    .
03- ......... .. ... ...........  .. .. ..      .                    .
04- ......... .. ... ...........  .. .. ..      .                    .
```

When you access Payment Voucher Scheduling (SCHD or SCH2), you are actually accessing a portion of OPVH. Changes made on this screen are also updating OPVH. All maintenance actions to Payment Voucher Scheduling (SCHD or SCH2) will be *changes*. Use a *GET* (G) action to access the correct voucher, and then use a *CHANGE* (C) action to make your change.

To change the scheduled payment date, display the desired voucher (use a *GET* action), and change the SCHEDULED PAYMENT DATE field. Note that the date is stored in the table as year-month-day (YYMMDD). Any new date that you supply must be in that format.

To put a voucher on hold, display (use a *GET* action) the desired voucher and put an "H" in the HOLD field. To take a voucher off hold, use a *CHANGE* action to delete the "H" from the field. Always check the scheduled payment date field when you take a voucher off hold.

The EFT status can only be changed on SCH2. To change a voucher's EFT status, display the desired voucher (using *GET*) and type "N" in the EFT IND field. You may only change a voucher from EFT eligible to not EFT eligible.

SCHD applies to an entire document. (Each record in OPVH represents a payment voucher document.) You cannot put individual lines in a payment voucher document on hold, or reschedule individual lines for payment. The automated disbursement and the electronic funds transfer processes always pay the entire outstanding amount of a selected voucher. Partial payments against a voucher document can be made with manually written checks, and then recorded in the system on a manual warrant. When this occurs, the cash disbursement process will pay the remaining outstanding amount the next time the voucher is selected for payment.

Disbursement Parameters

Voucher selection, payment calculation, file creation, and check printing are performed by the payment disbursement activities. These activities are controlled by specific parameters. The computer job that selects vouchers and calculates check amounts will add the parameters to Automated Disbursements Parameter (ADIS).

Voucher Selection

Each payment voucher line is considered individually during the voucher selection process. A voucher may be skipped for disbursement due to any of the following reasons:

- The payment voucher has been put on hold on SCHD,
- The vendor has been put on hold on Vendor (VEN2),
- The vendor has been excluded (or was not included) on Automated Disbursement Restriction by Vendor (ADRV),
- The agency has been excluded (or was not included) on Automated Disbursement Restriction (ADRT),
- The vendor's total credits equal or exceed the total debits for the voucher agency,
- The voucher failed its cash check, or
- The voucher disbursement would be greater than the remaining Maximum Disbursement amount for the fiscal year.

Placing a voucher on hold is performed on Payment Voucher Scheduling (SCHD). A discussion of the table and instructions on holding vouchers may be found earlier in this section.

A vendor is on hold if the Hold Indicator is "**Y**" for their record on Vendor (VEN2). Once a vendor is on hold, no payments will be disbursed to that vendor until the Hold Indicator is changed.

The including and excluding of vendors or agencies from the disbursement process is controlled by two tables, Automated Disbursement Restriction by Vendor (ADRV), and Automated Disbursement Restriction (ADRT). Both of these tables function in the same manner, and both are maintained by authorized users.

On ADRV, vendors are included or excluded by budget fiscal year. For a budget fiscal year, if the Include/Exclude indicator is set to "**I**" (Include), then only those vendors entered on ADRV will be included and all other vendors will be excluded from the Automated Disbursement Cycle. If the Include/Exclude indicator is set to "**E**" (Exclude), then those vendors entered on ADRV will be excluded from the Automated Disbursement Cycle (and all other vendors are included). If no entries exist on ADRV for a budget fiscal year, then all vendors are included in the Automated Disbursement cycle for that budget fiscal year. Figure 2-29 is an example of ADRV.

Figure 2-29
Automated Disbursement Restrictions by Vendor (ADRV)

```
ACTION: . SCREEN: ADRV USERID:

     A U T O M A T E D  D I S B U R S E M E N T  R E S T R I C T I O N
                              B Y  V E N D O R

BUDGET FY= ..       INCLUDE/EXCLUDE= .

       VENDOR
    ============
01- ......... ..
02- ......... ..
03- ......... ..
04- ......... ..
05- ......... ..
06- ......... ..
07- ......... ..
08- ......... ..
09- ......... ..
10- ......... ..
11- ......... ..
```

On ADRT, agencies are included or excluded by budget fiscal year. For a budget fiscal year, if the Include/Exclude indicator is set to "**I**" (Include), then only those agencies entered on ADRT will be included and all other agencies will be excluded from the Automated Disbursement Cycle. If the Include/Exclude indicator is set to "**E**" (Exclude), then those agencies entered on ADRT will be excluded from the Automated Disbursement Cycle (and all other agencies are included). If no entries exist on ADRT for a budget fiscal year, then all agencies are included in the

Automated Disbursement cycle for that budget fiscal year. Figure 2-30 is an example of ADRT.

Figure 2-30
Automated Disbursement Restriction (ADRT)

```
ACTION: . SCREEN: ADRT USERID:

    A U T O M A T E D  D I S B U R S E M E N T  R E S T R I C T I O N

FY= ..              INCLUDE/EXCLUDE= .

    AGENCY
    ======
01-  ...
02-  ...
03-  ...
04-  ...
05-  ...
06-  ...
07-  ...
08-  ...
09-  ...
10-  ...
11-  ...
12-  ...
```

An important note for both ADRV and ADRT is that excluding a record does not stop payment vouchers from being created or stop the creation of manual warrants to record handwritten checks.

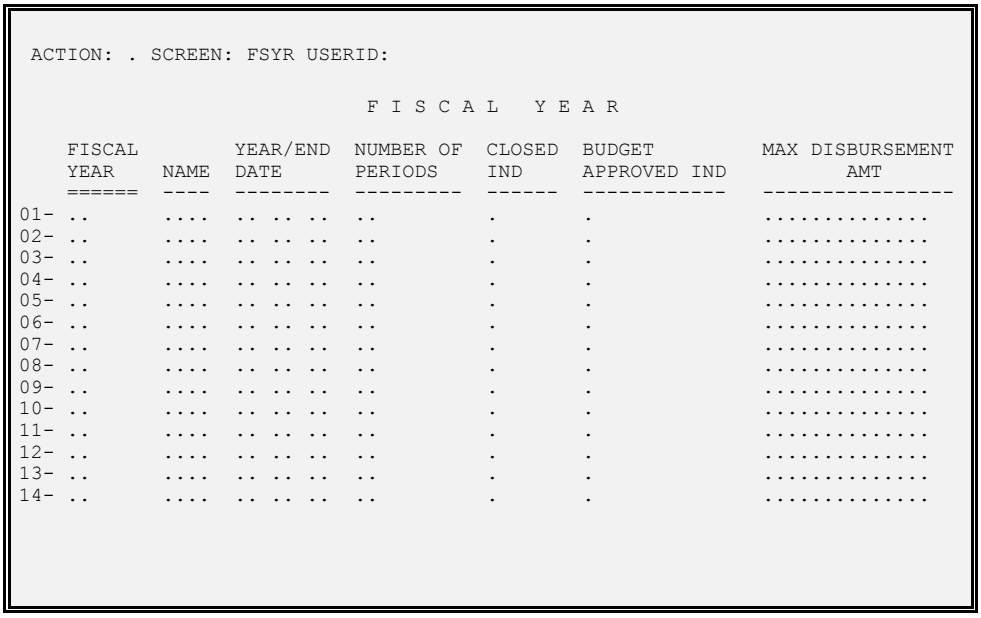
Even if a voucher passes all of the above inclusion rules, there are still two more edits which must be passed before it is disbursed. Both of these edits control cash. For each payment voucher line, available cash is checked in two ways. If the voucher line does not have sufficient available cash, the entire voucher to which it belongs is not selected for disbursement.

The first cash edit is regulated by the Check Cash Indicator, which determines how available cash is computed. For every voucher line, the appropriation unit's Appropriation Inquiry (Extended) (EAP2) record is examined to determine the Check Cash Indicator for the record. There are three options for this indicator: "**C**" (Cash [CASH]), "**M**" (the available cash for the appropriation), or "**N**" (no cash check).

If the appropriation's Check Cash Indicator is "**C**", then a check is made on Cash Available (CASH) for the appropriate fund and cash account. If the Check Cash Indicator is "**M**", then the Available Cash is computed as the appropriation's Actual Receipts less its Expended Amount. If the Check Cash Indicator is "**N**", then no cash check occurs. If a voucher line does not have sufficient Available Cash, the entire voucher will be excluded. Setting the Cash Check Indicator is discussed in Chapter 4 of the *ISIS/AFS User Guide, Volume I*.

The second cash edit is performed for all disbursements. As each voucher is processed, a running total is kept of the total cash disbursed for the day. With each new payment voucher line, the running total is compared to the Maximum Disbursement Amount stored on Fiscal Year (FSYR). If the voucher line will make the daily disbursement amount greater than the Maximum Disbursement Amount, then the entire voucher is skipped. Should it ever be necessary to stop all disbursements, setting the Maximum Disbursement Amount to 0.00 on FSYR will do the trick. Figure 2-31 is an example of FSYR.

Figure 2-31
Fiscal Year (FSYR)



```
ACTION: . SCREEN: FSYR USERID:

                              F I S C A L   Y E A R

    FISCAL        YEAR/END  NUMBER OF  CLOSED  BUDGET          MAX DISBURSEMENT
    YEAR    NAME  DATE      PERIODS    IND     APPROVED IND          AMT
    ======  ----  --------  ---------  ------  ------------  ----------------
01- ..      ....  .. .. ..  ..         .       .             ..............
02- ..      ....  .. .. ..  ..         .       .             ..............
03- ..      ....  .. .. ..  ..         .       .             ..............
04- ..      ....  .. .. ..  ..         .       .             ..............
05- ..      ....  .. .. ..  ..         .       .             ..............
06- ..      ....  .. .. ..  ..         .       .             ..............
07- ..      ....  .. .. ..  ..         .       .             ..............
08- ..      ....  .. .. ..  ..         .       .             ..............
09- ..      ....  .. .. ..  ..         .       .             ..............
10- ..      ....  .. .. ..  ..         .       .             ..............
11- ..      ....  .. .. ..  ..         .       .             ..............
12- ..      ....  .. .. ..  ..         .       .             ..............
13- ..      ....  .. .. ..  ..         .       .             ..............
14- ..      ....  .. .. ..  ..         .       .             ..............
```

Check Printing and Tape File Creation

Both the cash disbursement process and the fund transfer process select vouchers from OPVH and OPVL. The cash disbursement program first summarizes all vouchers by vendor for consolidated checks, then takes into account vouchers with a single check flag. A total amount is calculated for each vendor, with the exception of those vouchers marked "Y" for single-check flag (which will have their own individual totals). One check is written for each vendor and for each voucher marked "Y" for single check flag. Only positive vouchers may be flagged "Y" for single check printing. The check amount takes into account all applicable liens, levies, backup withholding, and discounts. Consolidated checks also take into account any existing credit memos.

The check category also determines whether a check is mailed or hand delivered, according to the following rules:

- Check category "**99**" will consolidate payments to a single vendor from multiple agencies. Checks from this category are sorted by vendor zip code and mailed.

- Check category "**AA**" will consolidate payments to a single vendor from one voucher. These checks are not sealed, they are hand delivered to the paying agency. Although Application Type for EFT payments will have the same values as check category (99 or AA), all EFT payments are automatically sent to the bank. For those EFT payments flagged as "single check" (AA), only the lines included on a single payment voucher are included in the EF transaction. Voucher flagged as consolidated (99) may contain vouchers from multiple agencies.

The electronic funds transfer program summarizes all vouchers selected by vendor, application type, and single check flag. A total amount is calculated within each application type for each vendor, with the exception of those vouchers marked "Y" for single check flag (see below). One transfer record is written for each vendor in each application type and for each voucher marked "Y" for single check flag. A vendor may appear under any number of application types.

Vouchers with a single check flag of "Y" have their own individual totals regardless of whether the process used is electronic funds transfer or cash disbursement. Only positive vouchers may be flagged with "Y" for single check (transfer) printing. The check or transfer amount takes into account all applicable discounts, liens or levies or backup withholding.

Cash Disbursement Outputs

The cash disbursement cycle has the following effects on various system files:

- It creates a file that is used to produce reports 1G18, 1G19 and 1G24.

- If any discounts were taken, the cycle updates EEX2 and EAP2 depending on the spending control in effect.

- It generates records for the following files: Current Detail General Ledger (GENLED) and Open Payment Voucher Ledger (PVOPEN).

- It updates Open Payment Voucher Header Inquiry (OPVH) and Open PV Line Inquiry (OPVL). Affected fields are: closed amount, disbursed amount, closed date, outstanding amount, lien/levy amount, withheld amount, last check number, and last check date.

- It creates records on Open Check Header Inquiry (OPCH) and Open Check Line Inquiry (OPCL). OPCH and OPCL are keyed by Bank Account Code and Check ID. OPCH fields include: vendor information; a check cancellation flag; and the check's amount, date, backup withholding amount, and closed date. OPCL displays each check line's vendor invoice, reference payment voucher, fund, agency, amount, and backup withholding amount.

- It creates a record on Checkstub (STUB). This table is keyed by Transaction Code, Check Number, and Bank Account Code. STUB displays information that appeared on the vendor check and checkstub.

- It adds the check to Warrant Reconciliation (WREC) with a status of "open".

- It creates additional payment vouchers for the lienholders as a result of lien/levy processing.

Checks and check stubs will be printed on pre-printed forms.

The effect of the electronic funds transfer cycle is the same as the cash disbursement cycle except the electronic funds transfer cycle does the following:

- It creates a file that is used to produce 1G29 and 1G28, instead of 1G07 and 1G18/1G19.

- It creates a file to be sent to the bank.

- It updates the last check number and last check date on Open PV Line (OPVL) with the EFT transfer number and transfer date.

- It adds the transfer to WREC with a status of "closed."

- Instead of a printing a check, a Remittance Advice Form maybe printed for all vendors.

The Check Stub and Checkstub (STUB)

Lines on the check stub summarize amounts by payment voucher transaction number and vendor invoice number. A separate line exists on the stub for discounts taken; this line is also summarized by payment voucher transaction number and vendor invoice number. Credit memos, liens, levies, and backup withholdings are also shown as separate lines, within payment voucher transaction number and vendor invoice number.

All information provided on the check stub or EFT remittance advice form may be viewed on Checkstub (STUB). Manual warrant transactions do not update this table. This table displays, for each check or EFT, important check and vendor information. Lines of the table show all payment voucher lines disbursed by the check, along with their referenced document, vendor invoice, comments, and line amount. Lien/Levy deductions, Backup Withholding deductions, credit memos, and discounts that appear on the check stub also appear on this table.

Records may be viewed using standard MTI update procedures, as described in the *ISIS/AFS Online Features*. Figure 2-32 is an example of Checkstub (STUB).

```
ACTION: . SCREEN: STUB USERID:

                              C H E C K S T U B

TRANS CODE= ..   CHECK #= ..........   BANK ACCT CODE= ..
CHECK DATE: .. .. ..               TOTAL CHECK AMOUNT: ..................
 CHECK CAT: ..                       APPLICATION TYPE: ..
    VENDOR: ...........         NAME: ............................
   ADDRESS: ..............................
          : ..............................
      CITY: ..................  STATE: ..  ZIP: ..........

  DOCUMENT ID    REF DOCUMENT ID  INVOICE #       COMMENTS       LINE AMOUNT
=============== ================ ============ ================ ---------------
... ........... ................ ............ ................ ...............
... ........... ................ ............ ................ ...............
... ........... ................ ............ ................ ...............
... ........... ................ ............ ................ ...............
... ........... ................ ............ ................ ...............
... ........... ................ ............ ................ ...............
... ........... ................ ............ ................ ...............
```

The Remittance Advice Form

The Remittance Advice Form is produced from the electronic funds transfer for all vendors. The format of the remittance advice form is identical to the check stub with the following exceptions:

- The Check Category does not appear on the Remittance Advice Form
- The text "REMITTANCE ADVICE FOR EFT - NOT A CHECK" is overprinted on the form.

Open Check Header and Line Inquiry

Records are created on Open Check Header Inquiry (OPCH) and Open Check Line Inquiry (OPCL) for each check processed by the Post Offline Ledger Records (ADPR) program. These tables maintain information on all checks, especially their closed status, closed date, and backup withholding information. Records from these tables are used primarily for tracking backup withholding amounts, particularly the 3G00 report (Report of Backup Withholding), which provides withholdings totals due to the IRS. Fields on the tables are updated by both the cancellation of a check and the processing of the 3G00 report. Records are deleted from these tables by the Open Check Table Purge (CKPG) program, if the OPCH Closed Date is in the specified range.

Records may be viewed using standard MTI update procedures, as described in the *ISIS/AFS Online Features*. Figures 2-33 and 2-34 are examples of Open Check Header Inquiry (OPCH) and Open Check Line Inquiry (OPCL).

Figure 2-33
Open Check Header Inquiry (OPCH)

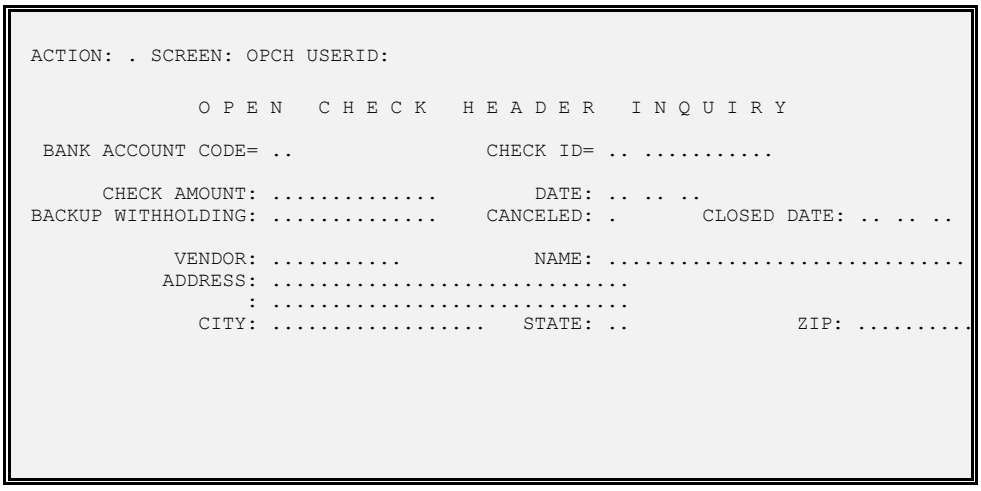
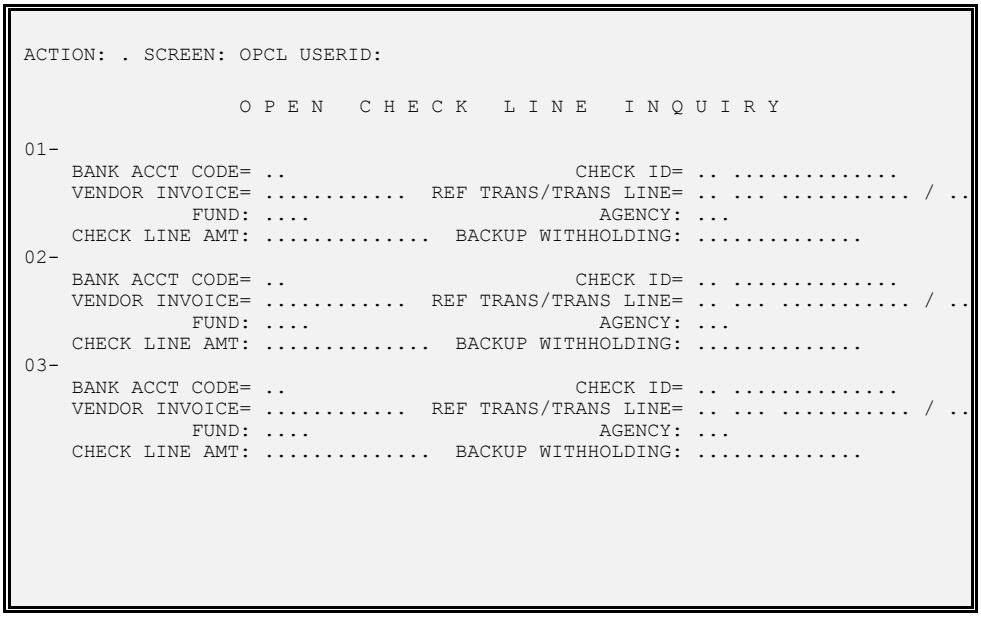


Figure 2-34
Open Check Line Inquiry (OPCL)



The EFVS Report for Fund Transfer Disbursements

A report is generated by EFVS whenever a voucher which could have been paid electronically is not paid because the vendor is no longer EFT active. Vouchers present on this report are changed by the EFVS process to be non-EFT (the EFT-IND on OPVH is changed to N and the APPLICATION-TYPE is changed to spaces).

Disbursement Reports

Two reports can be produced during the cash disbursement cycle.

- Check Register (1G18, 1G19)
- Discounts Taken/Lost (1G24)

The EFT cycle produces two reports.

- Funds Transfer Register (1G29)
- Discounts Taken/Lost (1G28)

Samples of these reports are included in the *ISIS/AFS Reports Manual*.

Order of Reductions

Occasionally, automated disbursements require multiple reductions. In this instance, there is a specific order for reductions, as follows: Discounts, Backup Withholdings, Credit Memos, Lien/Levy payments.

Accounting Model and Ledger

Automated disbursements generate the following postings to the Current Detail General Ledger (GENLED):

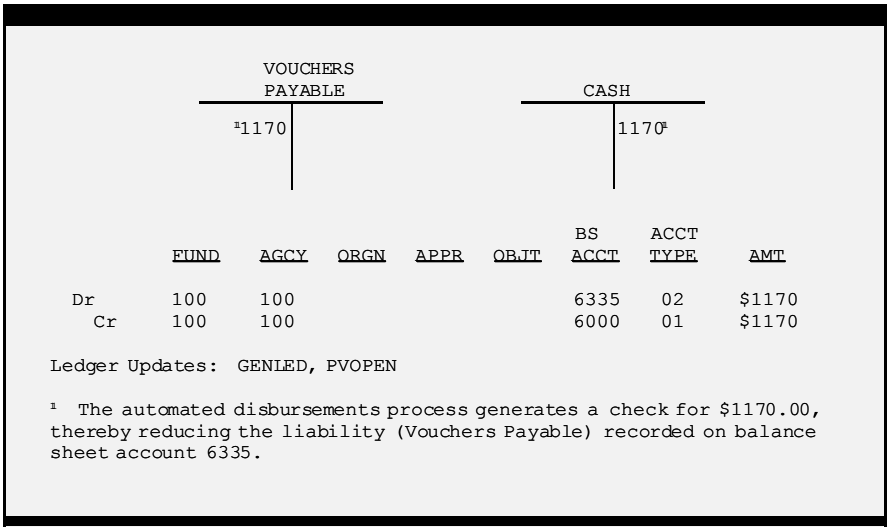
Dr Liabilities (vouchers payable)
Cr Assets (cash)

The amount posted is the check or transfer amount.

Unless otherwise noted, all ledger records generated by the cash disbursement process have a transaction ID of "AD" and a transaction number equal to the check number. Unless otherwise noted, all ledger records generated by the electronic funds transfer process have a transaction ID of "EF" and a transaction number equal to the transfer number.

Figure 2-35 illustrates the accounting model.

Figure 2-35
Accounting Model for Automated Disbursements



	FUND	AGCY	ORGN	APPR	OBJT	BS ACCT	ACCT TYPE	AMT
Dr	100	100				6335	02	$1170
Cr	100	100				6000	01	$1170

Ledger Updates: GENLED, PVOPEN

[1] The automated disbursements process generates a check for $1170.00, thereby reducing the liability (Vouchers Payable) recorded on balance sheet account 6335.

Five types of records are created by the payment disbursement cycle.

1. **Cash or electronic funds disbursement records.** These transactions record the outlay of cash or funds. A separate transaction is generated for each line in Open PV Line Inquiry (OPVL) that was paid. These records are posted to the following ledgers:

   - Open Payment Voucher Ledger (PVOPEN). The detail records are posted.

   - Current Detail General Ledger (GENLED). Depending on the option selected in System Control Options (SOPT), either detail or summary records are posted. The cash record has a transaction code of "AD" and a transaction number that is the check date. The electronic funds record has a transaction code of "EF" and a transaction number that is the transfer date.

2. **Discount records.** These are expense/expenditure entries recording the refund of money to the appropriate account resulting from a discount. A separate entry is generated for each line in OPVL for which a discount was taken. These records are posted to the Current Detail General Ledger (GENLED); detail records are posted.

3. **Lien\Levy records.** These are expense/expenditure and liability entries recording the withholding of payments for a vendor with a lien or levy recorded and the posting of payments to the lienholder. A separate entry is

generated for each line in OPVL that must be reduced on the original payment to account for the lien or levy amount. Another entry is created for the payment to the lienholder, which is created during the automated disbursement cycle and which only has one line on the payment voucher document. These records are posted to the Current Detail General Ledger (GENLED); detail records are posted.

4. **Backup Withholding records.** These records are created when the vendor is subject to backup withholding, and the object is 1099 reportable. A separate entry is generated for each line in Open PV Line Inquiry (OPVL) where a percentage of the disbursement is withheld. These entries are posted to the Current Detail General Ledger (GENLED).

Check Voids

Checks can be voided in AFS in two ways:

- By entering a Check Cancellation (CX) document.
- By entering a reversing Manual Warrant (MW) document.

Of the two methods for voiding checks, the recommended method is entering a Check Cancellation (CX) document. Both manually written checks and checks produced by the automated disbursement process may be voided.

Check Cancellation

In order to use the Check Cancellation (CX) document, the following conditions must exist:

- The check being canceled must have been written against a Payment Voucher (PV).
- A record for the referenced payment voucher must still exist in Open Payment Voucher Header Inquiry (OPVH) and Open PV Line Inquiry (OPVL).
- The check being canceled must represent full payment of the payment voucher (partial payments cannot be handled by the check cancellation transaction).

The check cancellation process posts reversing records to cash and vouchers payable. The records are created from each line in Open Payment Voucher Header Inquiry (OPVH) paid by the check. Any discounts, liens, or levies taken are not reversed. Additionally, the expended amount in Vendor (VEN2) is reduced, entries in Warrant Reconciliation (WREC) are marked void, and the transaction code of the *last check/MW number* field in Open PV Line (OPVL) is changed to "CX."

For each check being canceled, a cancellation type must be specified. The cancellation type determines which vouchers payable account will be reversed and how the voucher referenced by the check will be treated. The valid cancellation types are listed below.

1) Type 1 - reopens and reschedules the payment voucher using either the date entered on the check cancellation or a computed date. The computed date is determined in the same manner as for a payment voucher. The vouchers payable account to be reversed is determined from the offset liability account recorded in OPVH.

2) Type 3 - leaves the payment voucher closed. The vouchers payable account that is reversed is the Cancel Vouchers Payable Account specified in System Special Accounts (SPEC).

Accounting Model and Ledgers

For each line in OPVL paid by the check to be canceled, the following ledger entries are posted to the Current Detail General Ledger (GENLED):

Dr Cash
Cr Vouchers Payable (from OPVL or SPEC)

For a negative payment voucher line, these entries are the reverse. Discounts, liens/levies, and back-up withholding are not reversed; the disbursed amount is the amount used for generating records.

Figure 2-36 illustrates the accounting model for type 1 Check Cancellation (CX) transactions.

Figure 2-36
Accounting Model for Check Cancellations

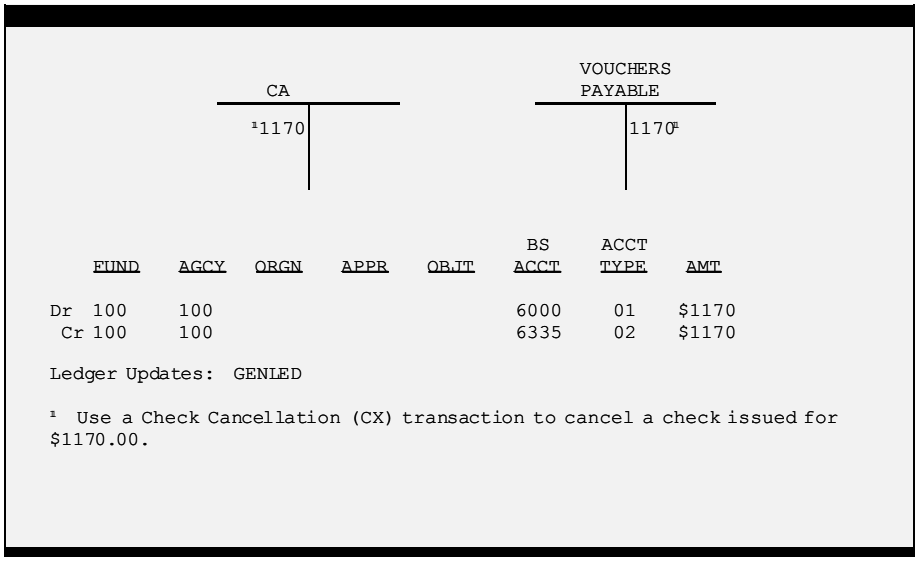
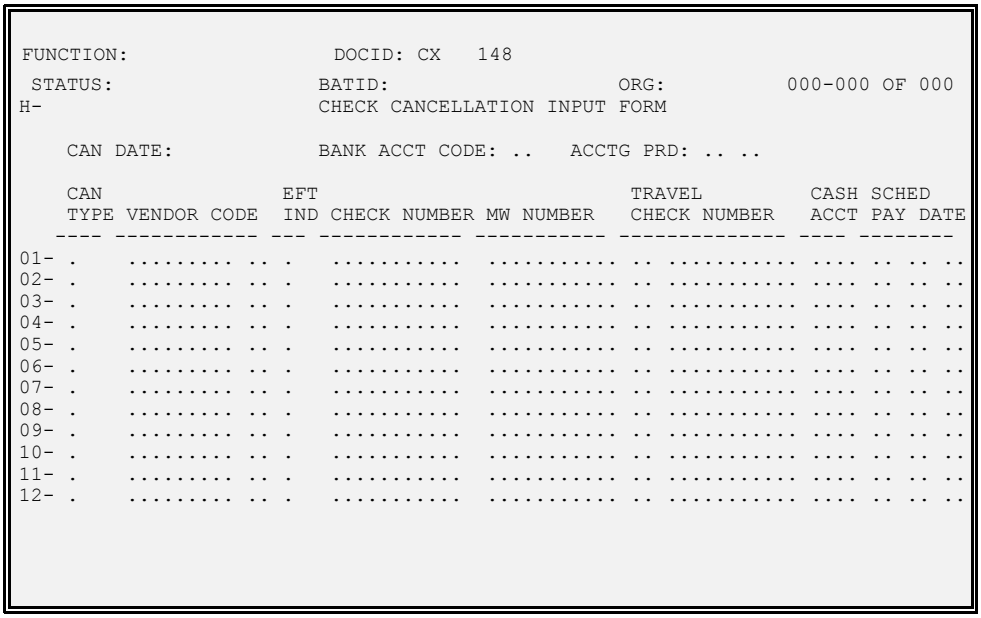


Figure 2-37 is the AFS standard Check Cancellation (CX) input screen. See *ISIS/AFS Online Features* for coding instructions.

Figure 2-37
Sample Check Cancellation (CX)



Check Voids - Manual Warrant Transaction

Manual warrants void both manually-written checks and checks produced by the automated disbursement process.

The check void procedure involves two steps:

1. Reversing the appropriate accounting transactions by entering a manual warrant transaction.

2. Marking the check as void in Warrant Reconciliation (WREC).

Check Void Examples

This section provides guidelines for voiding checks in AFS. You will not find every possible check void situation described here; however, you can use the guidelines presented here as a starting point for a particular situation. Steps are described for voiding both manually written checks and the computer-printed checks produced by the cash disbursement cycle.

The accounting models for the situations described below can be found at the end of this chapter.

Reverse the Expenditure & Void a Manually Written Check (no Prior Document Reference)

To void a manually written check, you must reverse the manual warrant transaction that recorded the check. This section discusses the situation when no requisition, purchase order, or payment voucher was referenced on the Manual Warrant (MW).

The manual warrant is reversed by coding a new manual warrant with a decrease (negative) line amount. A negative line amount is valid in AFS but a negative document total is not valid. Therefore, a balancing line must also be coded on the manual warrant transaction. The system-generated offsetting lines for these two lines will balance each other out. Code the manual warrant as follows:

- **Document header.**

  1. If the warrant still exists in Document Control Inquiry (DCTL), you may want to use the original warrant number with a document action of "M". Otherwise, use the warrant number with a document action of "E".

  2. The bank account code is required. Use the bank account code of the bank for whom you are voiding the checks.

  3. The cash account is optional, but if coded, must match the original warrant.

  4. Vendor code or name is required. It must match the original warrant. When a check is being voided for a vendor that exists in Vendor (VEN2), the system will decrease the expended amount field in Vendor (VEN2) by the amount of the canceled check.

- **Reversal line (record each line as it was originally coded).**

  1. Code the accounting distribution exactly as it was coded on the original manual warrant.

  2. If the check number is not represented by the warrant number, code it in the description field.

  3. Code the amount of the check being voided.

  4. The increase/decrease indicator must be "D".

- **Balancing line.**

  1. Code one line per fund affected. That is, if several lines from the same fund are being voided, one summarizing line can be coded.

  2. The fund must be the same as the fund on the reversal lines.

3. Agency is required.

4. Balance sheet account is required. It must be the cash account that was used on the original warrants. This would have been coded on the original manual warrant header or inferred from Bank Account (BANK).

5. The line amount is the total of all reversal lines (within the fund) being balanced (so the document total will be zero).

6. The increase/decrease indicator must be "I".

These manual warrant transactions will reverse the expenditure transaction throughout the system. For example, the expended amount fields in the budget tables and in Vendor (VEN2) are reduced, and the balances in Balance Sheet Account Balance (BBAL), and BS Account Bal by BS Account Inquiry (BBAB) are increased. They will also reverse the cash transaction (the vouchers payable and cash accounts are reversed). You should also use MTI to change the status field to "V" on the appropriate entry in Warrant Reconciliation (WREC).

Note: It is important to realize that the system can not verify that the accounting distribution codes, the balance sheet account codes, and the vendor codes are correct (i.e., that they match the original manual warrant). This validation cannot be made because manual warrants are not stored in a table; only the document number and accounting period are kept in Document Control (DCTL). If the wrong codes are used, you will affect the wrong lines in the tables mentioned above. You should verify the results of these transactions on a Transaction Listing Report or the Online General Ledger (OLGL) to ensure that the correct codes were entered.

Figure 2-38 shows a manual warrant coded to void one manually written check with no prior document reference.

Figure 2-38a
Void Check Reference

```
FUNCTION:                DOCID: MW   011 R-10005
  STATUS:                BATID:                  ORG:
H-                            MANUAL WARRANT INPUT FORM

   MW DATE: 03 25 98    ACCTG PRD:          BUDGET FY: 98
   ACTION: E   RECEIVING FUND:       BANK ACCT CODE: 04   CASH ACCT:
   VENDOR CODE: 199450986     VENDOR NAME:
   COMMENTS:                              DOCUMENT TOTAL:           0.00
                                       CALCULATED DOC TOTAL:
```

Figure 2-38b
Void Check References

```
FUNCTION:                DOCID: MW   011  R10005
STATUS: ACCPT           BATID:                  ORG:          000-000 OF 000
    ----- REFERENCED DOCUMENT(S) -----
    CD NUMBER          LN LN    INVOICE    LN
    -- --------------- -- --- ------------ ---
                  SUB                FUNC     SUB REV SUB  JOB
    FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV NUMBER   REPT CAT
    ---- ---- ------- --------- ---- ---- ------- ------- -------- --------
     BS    ACTUAL                                        I               I P
    ACCT  DEL DATE     DESCRIPTION        QUANTITY   D     AMOUNT     D F
    ---- ----------  ----------------   ------------ - -------------- - -
01-
    100  100  1001    100                3100
          03 25 98   VDCK#42985                            1500.00 D
02-
    100  100
    6000  03 25 98   VDCK#42895                            1500.00 I
03-
```

Reverse the Expenditure & Void a Manually Written Check (with a Prior Document Reference)

This section discusses the situation when the original manual warrant transaction (the one you want to reverse) included a prior document reference. There are two possible conditions. They are:

1. The referenced document no longer exists in the open tables. This condition will be true for requisitions, purchase orders, and payment vouchers if the monthly clearing activity has deleted the transaction entry from the tables. In this situation, you must code the check void as if there was no prior document. Code it following the directions in the previous section.

2. The referenced document still exists in the open item tables (even if it is marked closed). In this situation, you may include the prior document reference on the manual warrant that voids the checks. This will reopen the

document, reestablishing the pre-encumbrance (for requisitions), encumbrance (for purchase orders), or the liability (for payment vouchers). Code the manual warrant following the directions specified under the discussion of manual warrants earlier in this chapter, but add the prior document reference to the line level of the reversal lines. Since the Prior Document Reference Option is in effect, you do not have to code the accounting distribution. Do not reference the prior document on the balancing line.

The system will validate the vendor code and the accounting distribution codes, and for payment vouchers, the bank and cash account codes, against the referenced document and line. If they do not match, the manual warrant will be rejected.

When a prior document is coded on a check void, the referenced document (and line within the document) is opened in the appropriate open item tables. In addition, the expended amount fields in the budget tables and in Vendor (VEN2) are reduced, and the balances in Balance Sheet Account Balance (BBAL) and BS Account Bal by BS Account Inquiry (BBAB) are increased. You should also use MTI to change the status to "V" on the appropriate entry in Warrant Reconciliation (WREC).

Figures 2-39 and 2-40 illustrate voiding a check with a prior document reference. Figure 2-39 is the manual warrant recording the check when it was written. Figure 2-40 reverses it.

Figure 2-39a
Original Recording (Prior Document Referenced)

```
FUNCTION:                DOCID: MW   011 R-10005
 STATUS:                BATID:                  ORG:
H-                          MANUAL WARRANT INPUT FORM

    MW DATE: 03 25 98    ACCTG PRD:          BUDGET FY: 98
    ACTION: E   RECEIVING FUND:       BANK ACCT CODE: 04   CASH ACCT:
    VENDOR CODE: 199450986     VENDOR NAME:
    COMMENTS:                                DOCUMENT TOTAL:        1200.00
                                            CALCULATED DOC TOTAL:
```

Figure 2-39b
Original Recording (Prior Document Referenced)

```
 FUNCTION:                DOCID: MW   011 R-10005
  STATUS:                BATID:                  ORG:          001-002 OF 002
    ----- REFERENCED DOCUMENT(S) -----
    CD NUMBER          LN LN    INVOICE    LN
    -- --------------- -- --- ------------ ---
                  SUB                FUNC     SUB REV SUB  JOB
    FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV NUMBER   REPT CAT
    ---- ---- ------- --------- ---- ---- ------- ------- -------- --------
     BS    ACTUAL                                    I                I P
    ACCT  DEL DATE      DESCRIPTION       QUANTITY   D     AMOUNT     D F
    ---- ---------- ------------------- ------------ - -------------- - -
01- PV 100 PV000001234 01     INV0002345
    100 100  1801    200                3100
          03 25 98  FURNITURE                                1200.00
02-


03-
```

Figure 2-40a
Voiding MW

```
 FUNCTION:                DOCID: MW   011 R-10005
  STATUS:                BATID:                  ORG:
H-                          MANUAL WARRANT INPUT FORM

    MW DATE: 03 25 98    ACCTG PRD:          BUDGET FY: 98
    ACTION: E   RECEIVING FUND:       BANK ACCT CODE: 04   CASH ACCT:
    VENDOR CODE: 199450986     VENDOR NAME:
    COMMENTS:                                DOCUMENT TOTAL:           0.00
                                        CALCULATED DOC TOTAL:
```

Figure 2-40b
Voiding MW

```
 FUNCTION:                DOCID: MW   011 R-10005
  STATUS:                BATID:                  ORG:          001-002 OF 002
    ----- REFERENCED DOCUMENT(S) -----
    CD NUMBER          LN LN    INVOICE    LN
    -- --------------- -- --- ------------ ---
                  SUB                FUNC     SUB REV SUB  JOB
    FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV NUMBER   REPT CAT
    ---- ---- ------- --------- ---- ---- ------- ------- -------- --------
     BS    ACTUAL                                    I                I P
    ACCT  DEL DATE      DESCRIPTION       QUANTITY   D     AMOUNT     D F
    ---- ---------- ------------------- ------------ - -------------- - -
01- PV 100 PV000001235 01     INV0003456
    100 100  1801    200                3100
          03 25 98  VOID CK #555555555               D        1200.00
02-
    100 100
    6000  03 25 98  BALANCE CHECK VOID                I        1200.00
03-
```

Reverse the Expenditure & Void an Automated Disbursement Check

To void a check printed by the AFS automated disbursement process, you must reverse the effects of the transactions that were created by the automated disbursement process. You must also reverse the expenditure if:

- You want to re-establish the liability with a different accounting distribution.
- You want to keep the liability for the same accounting distribution, but you want the automated disbursement cycle to write a new check.

To void an automated disbursement, you need to enter a two-line manual warrant document and reverse the expenditure as follows:

1. **Document header**.
    - The bank code and cash account must match those used for the AD, as inferred from the fund and organization codes used on the related payment voucher. The vendor must match the one used on the payment voucher.
2. **Increase cash.**
    - Enter one line per fund affected.
    - Enter the appropriate fund.
    - Enter the cash balance sheet account. This is the account inferred through the organization or fund and bank account.
    - The line amount is the amount of the check.
    - The increase/decrease indicator is "I".
3. **Decrease (reverse) the expenditure.** One line is required for each payment voucher line included in the check.
    - If the related payment voucher still exists in Open Payment Voucher Header Inquiry (OPVH) and Open PV Line Inquiry (OPVL), include the reference in the document reference field. You can do this even if the payment voucher is closed.
    - The amount is the payment voucher line amount.
    - Increase/decrease indicator must be "D".

These transactions reverse the expenditure transaction throughout the system. For example, the expended amount fields in the budget tables and in Vendor (VEN2) are reduced, and the balances in Balance Sheet Account Balance (BBAL) and BS

Account Bal by BS Account Inquiry (BBAB) are reduced. They will also reverse the cash transaction. If a payment voucher was referenced, it is reopened. The normal cash disbursement process can be used to write the new check. You should also change the status to "V" on the appropriate entry in Warrant Reconciliation (WREC).

If you wanted to re-establish the liability with a different accounting distribution, you must submit an adjustment payment voucher to cancel the existing liability, and then enter a new payment voucher with the new accounting distribution.

If you could not reference the payment voucher because it had been cleared from the tables, you will have to enter a new payment voucher to recreate the liability.

Figure 2-41 shows a manual warrant coded to void an automated disbursement check and reestablish the liability for a payment voucher that still existed in Open Payment Voucher Header Inquiry (OPVH) and Open PV Line Inquiry (OPVL).

Figure 2-41a
Voiding Automated Disbursement Check

```
 FUNCTION:                DOCID: MW 011 R-10005
  STATUS:                BATID:                  ORG:
H-                          MANUAL WARRANT INPUT FORM

    MW DATE: 03 13 98    ACCTG PRD:          BUDGET FY: 98
    ACTION: E   RECEIVING FUND:       BANK ACCT CODE: 04   CASH ACCT: 6000
    VENDOR CODE: 199628048     VENDOR NAME:
    COMMENTS:                              DOCUMENT TOTAL:           0.00
                                          CALCULATED DOC TOTAL:
```

Figure 41b
Voiding Automated Disbursement Check

```
 FUNCTION:                DOCID: MW   011 R-10005
  STATUS:                 BATID:                  ORG:          000-000 OF 000
    ----- REFERENCED DOCUMENT(S) -----
    CD NUMBER          LN LN    INVOICE    LN
    -- --------------- -- --- ------------ ---
                  SUB                FUNC     SUB REV SUB  JOB
    FUND AGCY ORG ORG APPR UNIT ACTV TION OBJ OBJ SRC REV NUMBER   REPT CAT
    ---- ---- ------- --------- ---- ---- ------- ------- -------- --------
     BS    ACTUAL                                    I                I P
    ACCT  DEL DATE      DESCRIPTION       QUANTITY   D     AMOUNT     D F
    ---- ---------- ------------------- ------------ - -------------- - -
01- PV 100 PV000004567 01     INV#00980003
    100  100  0012      200               3100
          03 13 98  VDCK#98421 REV EXP                        200.00 D
02-
    100  100
    6000  03 13 98  VDCK#98421 REV EXP                        200.00 I
03-
```

Accounting Model for Check Voids

This section presents the accounting models used to record the check void examples described above. Please note that an asterisk (*) following any ledger entry denotes an entry that is explicitly coded by the user. These entries are *not* automatically generated by the system.

Reverse the Expenditure and Void a Manually Written Check with No Prior Document Reference. The manual warrant that recorded the check created these entries:

Dr Expenditure*
Cr Cash

To void the check you will create these entries:

Dr Cash*
Cr Expenditure*

Reverse the Expenditure and Void a Manually Written Check With a Prior Payment Voucher Document Reference. The manual warrant that recorded the check created these entries:

Dr Vouchers Payable*
Cr Cash

To void the check you will create these entries:

Dr Cash*
Cr Expenditures*

Reverse the Expenditure and Void an Automated Disbursement Check. The payment voucher created these entries:

Dr Expenditures*
Cr Vouchers Payable

The automated disbursement created these entries:

Dr Vouchers Payable
Cr Cash

To void the check you will create these entries:

Dr Cash*
Cr Expenditures*

Void a Check Without Reversing the Expenditure. The manual warrant or automated disbursement created these entries:

Dr Vouchers payable
Cr Cash

To void the check you will create these entries:

Dr Cash*
Cr Vouchers Payable*

Electronic Funds Transfer Cancellation

In the event that an incorrect amount is paid or a file is lost or destroyed and cannot be recreated, EFTs may be canceled. This is accomplished by entering a Check Cancellation (CX) document. All check cancellation abilities apply, with the following additions:

- Since the EF is posted to WREC with a status of "C", the status must be changed to "O" before the CX can be processed.
- If the check to be canceled by the CX document is an EFT, the EFT-CHECK-INDICATOR should be set to "Y."
- If the cancellation type is 1 (reopen the PV documents), the vendor will be checked to be sure it is still EFT active; if not, the OPVH EFT-IND will be reset.
- If the cancellation type is 1 and the vendor is not EFT, the voucher will be rescheduled for automated disbursements and a warning will be issued.
- Cancellation type 1 will only be processed when the EFT tape is lost or destroyed.

Special Features

Outstanding Check Reconciliation

Check reconciliation is a process of comparing checks issued against checks cleared by the bank.

Warrant Reconciliation (WREC)

The automated disbursement process and the manual warrant document processor add entries to Warrant Reconciliation (WREC). An entry is made for every manual warrant (transaction code = MW), automated disbursement (transaction code = AD), and electronic funds transfer (transaction code = EF). If a manual warrant transaction is a modification (the warrant number is the same as a previously entered warrant number), a new entry will not be made in Warrant Reconciliation (WREC). Instead, the dollar amount field for the warrant number will be appropriately updated in the table.

EF transactions are posted to WREC with a status of "C". AD and MW transactions are posted to WREC with a status of "O".

In Louisiana, an automated interface from the bank posts a AC≅ to WREC for all automated disbursements (ADs) that have cleared the bank. This interface is run on a daily basis.

There is also a monthly interface from the bank for Manual Warrants (MWs) that posts a “C” to WREC for each Manual Warrant that has cleared the bank.

On a monthly basis, the Monthly Bank Ledger Report (2G13), is run, listing by bank number and bank account number, the detail transactions that affect bank account balances. This report can be an aid to agencies in reconciling bank accounts.

Warrant Reconciliation (WREC) is displayed through two MTI screens, WREC and WRE2 (see Figure 2-42 for sample screen layouts). See *ISIS/AFS Online Features* for description of these tables.

Figure 2-42a
Warrant Reconciliation (WREC)

```
ACTION: . SCREEN: WREC USERID:

       W A R R A N T   R E C O N C I L I A T I O N   ( 1   O F   2 )

BANK ACCOUNT CODE= ..
                                                WARRANT                    LAST ACT
WARRANT NO    FUND VENDOR NAME                   DATE     AMOUNT       STAT DATE
============= ==== -------------------- -------- ------------ ---- ---------
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
.............. ....                                                .    .. .. ..
```

Figure 2-42b
Screen Two (WRE2)

```
ACTION: . SCREEN: WRE2 USERID:

       W A R R A N T   R E C O N C I L I A T I O N   ( 2   O F   2 )

BANK ACCOUNT CODE= ..
                        ------ INTEREST ------
WARRANT NO     FUND  RATE    AMOUNT
=============  ====  ------  --------------
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
..............  ....
```

Warrant Maintenance Through MTI

The status field on Warrant Reconciliation (WREC) can be maintained through MTI. Authorized users can change the status by using the change "C" action in MTI after modifying the status. Following are the valid statuses:

- **Outstanding (O).** The check has not been returned from the bank. All records are initially assigned this status.
- **Cleared (C).** The check has been cleared through the bank. An automated process has been established to update this status, although authorized users may change the status to "C" as checks are returned.
- **Void (V).** Authorized users may change the status from "O" to "V" when necessary.

Records can be purged from WREC on a periodic basis. Only closed or voided records that fall within the specified date parameters are purged.

Vendor Lien/Levy Processing

Sometimes, a user agency is notified of the need to apply a lien or levy against a vendor. The system provides a means of automatically processing liens and levies in a way that the user does not even need to know if the vendor has a lien or levy recorded.

If a user agency applies a lien or levy to a vendor, all future payments from that agency for the vendor are reduced as specified. Payments are reduced until a lien is satisfied. Levies are handled on a one-time basis. All payments in one nightly cycle are reduced by the amount of the levy or by the amount of the payments, whichever is greater. This special processing only applies to payments from the agency type grouping that recorded the lien/levy; payments from other agency types process as normal. Once the full amount of the lien or the amount of the levy is remitted to the lienholder, payments are no longer reduced and disbursements will be made normally. The status indicator for the levy is also automatically changed to "Inactive".

Vendor Lien/Levy (VLLT)

A user records a vendor lien or levy on Vendor Lien/Levy (VLLT). This table stores all information necessary for processing liens and levies against vendors, and also serves as an inquiry screen as to the status of the lien or levy. When a record is made on VLLT, the following data elements are required:

- Agency Type
- Vendor (whose payments will be reduced)
- Lien/Levy Indicator
- Date the lien/levy was Received
- Remit-to Vendor (lienholder)
- Lien/Levy Reference Number
- Start Date and End Date for the Lien/Levy

- Lien/Levy Amount
- Maximum Payment Amount per month

or

- Monthly Percent to be deducted from all payments

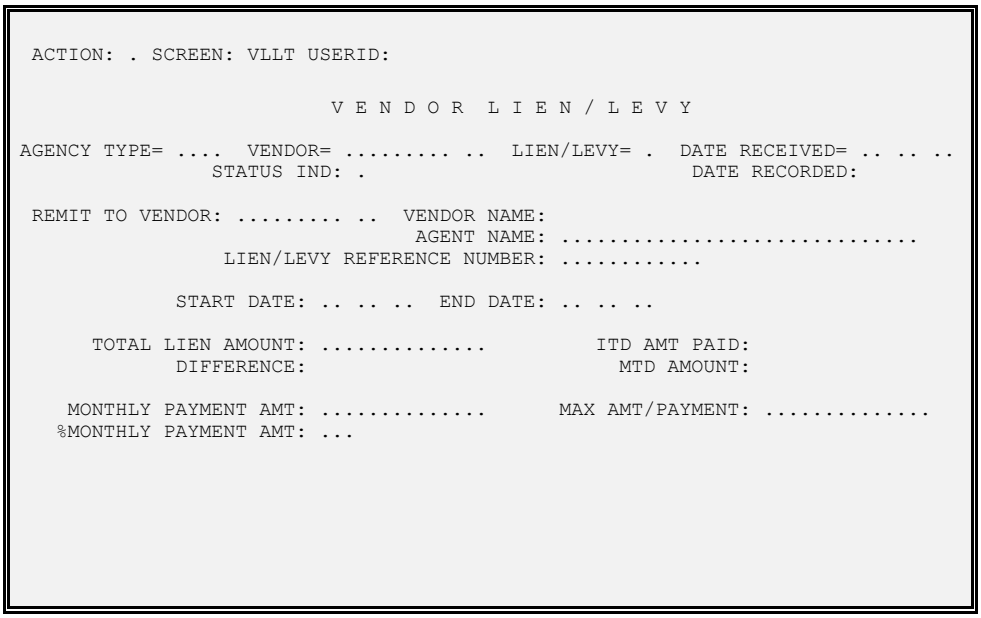
Optionally, the status indicator may be invoked to record an inactive lien for future use. In addition, a maximum amount per payment may be recorded, which will override any other field on the table in limiting the deduction amount for a single payment. Finally, users have the option of recording the name of the agent responsible for the lien or levy.

If a record exists on this table, then payment vouchers for the vendor will undergo lien/levy processing before the automated disbursement cycle. During this process, the payment voucher is recomputed to reduce the check total by the lien or levy amount. The reduction of the original payment voucher is performed by the Lien/Levy Auto Disbursement Post Processor (ADLL). A second payment voucher document is created for the lienholder (by the Lienholder Voucher Creation Process (LLPV)), which itself creates a check after a one-day lag. Both of these programs follow the Automated Disbursement process.

After the VLLT record is entered, the lien or levy will take effect immediately, unless the current date is outside the Start and End Dates or the status indicator is set to "I" (Inactive). Once the lien/levy begins, VLLT may be used as an inquiry screen to determine current status. Fields on VLLT track the amount of lien/levy paid for month-to-date and inception-to-date as well as a difference of the lien amount less the amount paid to date.

Figure 2-43 shows a sample screen of Vendor Lien/Levy (VLLT).

Figure 2-43
Vendor Lien/Levy (VLLT)



Maintenance of Vendor Lien/Levy (VLLT)

On a monthly basis, VLLT must be updated to clear out the month-to-date (MTD) totals. It is important to run this process on the last calendar day of the month, after the last check run, so that all MTD amounts are reset for the new month.

Entering Payments To Vendors with a Lien or Levy

It is not necessary for the user entering a payment to know if a lien or levy has been recorded against a vendor; all lien/levy activity is performed automatically as the payment is processed. Cancellations of checks to vendors with a lien or levy process similarly, it is not necessary for the user entering a CX to know the lien/levy status of a vendor.

When a payment voucher (PV) is processed, VLLT is referenced for the voucher line's agency type and vendor. If no VLLT record exists, the PV is processed normally. If a VLLT record exists, a lien or levy is recorded if the following are true:

- Remaining Amount > 0
- Status Indicator = "A" (Active)
- Current Date is between (or equal to) the Start and End Dates

If a lien or levy was applied, then the OPVH record for the PV is updated with the following fields in addition to the normal OPVH fields:

- Lien/Levy Indicator - set to "L"
- Remit to Vendor - (the lienholder) from the VLLT record
- Remit to Amount - amount withheld from the disbursement and remitted to the lienholder (calculated by the Lien/Levy Auto Disbursement Post Processor)

- Remit to Voucher - the voucher agency and number of the additional payment voucher created to the lienholder

Manual Warrant (MW) documents are not allowed for vendors with a Lien or Levy recorded against them. If a user attempts to process an MW against such a vendor, the document will reject and an error message will appear informing the user that the vendor is subject to a lien/levy.

Canceling Checks Reduced by a Lien or Levy

When a payment is made to a vendor for whom a lien or levy is established, the payment is reduced by the appropriate amount, with the withheld amount disbursed to to the lienholder. If a lien/levy check is canceled, only the amount paid to the vendor must be reduced - not the payment to the lienholder.

Check Cancellation (CX) documents for a lien/levy payment are entered normally; it is not even necessary for the person entering the CX to know that a lien or levy was applied. When the CX document is accepted, each line is reduced on the original payment voucher until the entire lien/levy amount is accounted for. When the lines are canceled, the reduced amounts are used so that the cancellation includes only those amounts paid to the vendor, and not those remitted to the lienholder.

If a CX Type 1 is processed to reprint the check, it will create a check for the vendor disbursement amount only. Unlike the original check, however, the vendor's stub will not show a negative amount representing the total lien or levy withheld.

When a CX Type 3 is processed, it does not open the PV. The entries post to the Cancelled Vouchers Payable Account from SPEC. However, the cancelled amount is the reduced amount of the original PV.

Lien/Levy Exception Report (1G15)

The Lien/Levy Exceptions Report (1G15) is produced daily. It should be run after all lienholder payment vouchers (created by the LLPV process) are loaded and processed.

Records are written to the report in the following circumstances:

- If one of the selected OPVH records does not have a matching VLLT entry
- If the voucher is open and its OPVH voucher amount is zero. In this scenario, information about the "Remit To" voucher is also provided, in case the VLLT record must be manually backed out.
- If either the original payment voucher and the generated lienholder payment voucher are not yet closed (e.g. if one is canceled or held).
- If the LLPV voucher (the voucher created for the lienholder) rejects during offline processing.

Backup Withholding

"Reportable" payments not subject to normal income tax withholding, such as payments to independent contractors, interest and dividends, royalties, etc., are subject to backup withholding if the payor is notified that the payee's tax identification number (TIN) is incorrect. TINs are incorrect when the IRS cannot match a given name to the number. Backup withholding applies to all payments to the payee that are reportable to the IRS.

Upon notice from the IRS that a payee's TIN is incorrect, the payor must withhold taxes from subsequent payments at a specific rate based on federal guidelines. Backup withholding must continue until the payee furnishes the payor a correct TIN, or the IRS or Social Security Administration verifies the receipt of a correct TIN.

In addition, backup withholding also applies when a payee fails to furnish a TIN, or furnishes one that is obviously incorrect. In these cases, backup withholding is employed when reportable payments are made.

Backup withholding must be reported by the payor to the IRS in two ways. First, the amount withheld during the calendar year for a particular vendor must be included on the vendor's 1099 form. Second, the total amount withheld for all vendors by the payer must be reported on the 945 form and paid in accordance with the Deposit Schedule found in the IRS Instruction for Form 945.

System Settings for Backup Withholding

Backup withholding is a system-enforced action, which will only occur if specific criteria are met. For backup withholding functionality to execute, entries must be made to the following table fields:

- Backup Withholding Option, on System Control Options (SOPT)
- Backup Withholding Rate, on System Control Options (SOPT)
- Backup Withholding Account, on System Special Accounts (SPEC)
- Backup Withholding Flag, on Vendor (VEN2)

The fields on SOPT define, for the whole system, if Backup Withholding is implemented, and at what rate payments are withheld. The Backup Withholding Account on SPEC defines the balance sheet account used to record the withheld amounts. Finally, the Backup Withholding Flag for a vendor's record on VEN2 must be set to "Y" before that vendor will have payments withheld.

Criteria for Payments to Incur Backup Withholding

It is not necessary for the user entering a payment to know if backup withholding applies to the payee; all withholding is computed and performed by the system. The same is true of cancellations of checks to vendors who had withholding applied - it is not necessary for the user entering the Check Cancellation (CX) to know if backup withholding occurred.

When a payment voucher (PV) is processed, each line of the voucher is processed individually to determine if it is subject to backup withholding. It is possible for some lines of a PV to be withheld, while other lines on the same document are not. On a line by line basis, the following criteria must be met before backup withholding occurs:

- Backup Withholding Option = "**Y**" on SOPT.
- Vendor's Backup Withholding Flag = "**Y**" on VEN2.
- Object of Expenditure must be 1099 reportable

If a payment line meets all of the above criteria, a percent of the payment amount equal to the Backup Withholding Rate on System Control Options (SOPT) is withheld from the disbursement. The withheld amount is computed during the Automated Disbursement Voucher Selection (ADVS) process, which is also when the payment lines are compared to the withholding criteria, listed above. If a disbursement meets the criteria for withholding, then it is reduced by the amount withheld, and a line is added to the check stub displaying the withheld amount and a description.

Manual Warrant (MW) documents are not allowed for vendors who are subject to backup withholding. If a user attempts to process an MW against such a vendor, the document will reject and an error message will appear informing the user that the vendor is subject to backup withholding.

Processing Related to Backup Withholding

When the **Backup Withholding** option is activated, a specified percentage is deducted from the disbursements paid to vendors subject to backup withholding for 1099-reportable objects and placed into the backup withholding balance sheet account specified in System Special Accounts (SPEC). The withheld amount is considered part of the disbursement, however, it does not appear in the final amount of the check. When an amount is withheld from a vendor, the following entry is posted to the General Ledger:

Dr Liabilities (Vouchers Payable)
Cr Assets (Cash)
Cr Liabilities (Vouchers Payable Withholding Account)

Note: One entry is posted for each Open PV Line Inquiry (OPVL) line subject to withholding.

This entry does not affect the Vouchers Payable entry in the General Ledger; however, cash is decreased by the amount of the backup withholding.

After the Payment Voucher Selection program is run, the withheld amount is displayed on Open Payment Voucher Header Inquiry (OPVH) and Open PV Line Inquiry (OPVL). Open Check Header Inquiry (OPCH) and Open Check Line

Inquiry (OPCL) display the actual check amount and the withheld amount. The withheld amount is printed on the check stub.

Cancelling Checks Reduced by Backup Withholding

When a payment to a vendor is subject to backup withholding, the payment is reduced, with the withheld amount recorded in a special liability account. If a backup withholding check is cancelled, both the disbursed amount and the withheld amount must be reduced.

Check Cancellation (CX) documents are entered normally for payments with backup withholdings; it is not even necessary for the person entering the CX to know that a withholding occurred. When the CX document is accepted, it posts in the normal manner. The following fields are reduced as a result of the canceled check:

- Disbursed Amount, on Vendor (VEN2),
- Calendar YTD Disbursed Amount, on Vendor (VEN2),
- Withheld Amount on Open Payment Voucher Header Inquiry (OPVH),
- Withheld Amount on Open PV Line Inquiry (OPVL),
- Closed Amount on Open Payment Voucher Header Inquiry (OPVH)

Furthermore, Open Check Header Inquiry (OPCH) and Open Check Line Inquiry (OPCL) must be updated for the cancellation. There are three distinct scenarios for these updates:

- If the IRS **was not paid,** then the OPCH Canceled flag is set to "Y" and the OPCH Closed Date is set to the date of the CX.

- If the IRS **was paid but** the Open Check Table Purge (CKPG) **program did not run** then the OPCH Closed Date is set to spaces and the OPCH Canceled flag is set to "Y". Also, the OPCH and OPCL withheld amounts are made negative and the OPCH and OPCL check amounts are set to zero. The withheld amount is negative so that the next 3G00 report will include these canceled items as negative amounts, so the payment to the IRS will be reduced.

- If the IRS **was paid and** the Open Check Table Purge (CKPG) **program ran**, then the OPCH and OPCL entries are recreated using information from the CX, Vendor (VEN2), and Open PV Line (OPVL). The recreated OPCH and OPCL entries are then updated as follows: The OPCH Closed Date is set to spaces and the OPCH Canceled flag is set to "Y". Also, the OPCH and OPCL withheld amounts are made negative and the OPCH and OPCL check amounts are set to zero. The withheld amount is negative so that the next 3G00 report will include these canceled items as negative amounts, so the payment to the IRS will be reduced.

Reporting Quarter-end Backup Withholdings

The Report of Backup Withholdings (3G00) is printed to accumulate and display the amount of backup withholding each fund owes to the IRS, by vendor. This report is created from records on Open Check Header Inquiry (OPCH) and Open Check Line Inquiry (OPCL).

Open check records are selected for inclusion on the report based on two criteria:

- The check date falls in the date range specified for the report
- The withheld amount of the record does not equal zero (i.e. some amount was withheld from the disbursement)

If a check appears on the report, the OPCH record is modified: the 3G00 run date is recorded as the OPCH Closed Date. This indicates to the Open Check Table Purge (CKPG) program that the record was included on the 3G00 report and may be deleted from Open Check Header Inquiry (OPCH).

Recipients of the 3G00 report must forward payment to the IRS according to established procedures. For more details, please see the *OSRAP Policies and Procedures Manual.*

Purging the Open Check Tables

The Report of Backup Withholdings (3G00) is printed and payments are forwarded to the IRS, the Open Check Table Purge (CKPG) program should be run. This program deletes all OPCH and OPCL records that have an OPCH Closed Date within the From/To range specified by the user. The OPCH Closed Date field is updated when the 3G00 report selects records for inclusion. Therefore, all records purged by the CKPG program have already appeared on the 3G00 report, which determines payments to the IRS for withholdings. If an OPCH record has no Closed Date (and has therefore not appeared on the 3G00 report) it will not be purged by the CKPG program. Canceled checks are also purged from OPCH and OPCL if the cancellation date (recorded as the OPCH Closed Date) is within the From/To range specified by the user.

1099 Processing

This process prepares IRS Form 1099 filings which summarize certain payments to entities such as corporations, partnerships, and individuals. These summaries are produced on a calendar year basis and provide information about the agency making the payment, the amount of the payment, and identify the payee. The Form 1099s are filed with both the Internal Revenue Service and individual taxpayers or taxable entities.

The 1099 production process includes the following features:

- Summary of payments from multiple agencies. Each agency is considered a separate employer. However, Agency Type (AGTP) allows agencies to be grouped for 1099 reporting purposes into a single agency type with one Federal Employer Identification Number (FEIN).

- The automated selection of a master vendor for each Taxpayer Identification Number (FEIN/SSN). The master vendor will receive the summary information for all vendors associated with that FEIN/SSN.

- The 1099 process only selects records with adjusted 1099 field amounts greater than $600 to a master vendor from one agency type, unless the vendor has had Backup Withholding withheld from payments in which case he gets a 1099 regardless of amount.

- Production of a data tape for the IRS of 1099 reporting and printed 1099 forms for the master vendor.

- Adjustments may be manually recorded on system tables along with text notes.

- Reports provided are the Form 1099 Vendor Listing (4G00), the Form 1099 Turnaround Report (4G01), and the Adjusting Transactions by Vendor (4G02).

Master Vendors and Agency Types

In 1099 reporting, two groupings are used to combine information from related entities. These groupings are **master vendors** and **agency types**. Master vendor codes gather payments made to multiple vendors who share a common Taxpayer Identification Number (FEIN/SSN). When vendor codes are recorded on Vendor (VEN2), one is designated as the master vendor by setting the MASTER VEND IND to "**Y**". Two vendors may not be designated as master vendors for the same FEIN/SSN. The master vendor's name and address are used on 1099 reporting forms for all vendors sharing the same FEIN/SSN.

Just as the master vendor code groups payees, the agency type code is used to assemble paying agencies into higher level groupings. Agency type codes are recorded for each agency on Agency (AGC2). Each agency type must be established on Agency Type (AGTP), where the agency type's name and Federal Employment Identification Number (FEIN) are recorded. This information will be used on 1099 reports for all agencies in that agency type.

Return Types and Income Types

The return and income type codes recorded for an object code or balance sheet account code determine how the expenditure totals are recorded for 1099 reporting. There is one valid return type: "**A**". A return type of "**A**" produces the 1099-MISC form. For this return type, there are established income type codes which determine the box on the form in which the income appears. The valid income types are as follows:

"**1**" Rent
"**2**" Royalties
"**3**" Prizes, Awards, etc.
"**4**" Federal Income Tax Withholding (Backup Withholding)
"**5**" Fishing Boat Proceeds

"**6**" Medical and Health Care Payments
"**7**" Non-Employee Compensation, Crop Insurance Proceeds, or Excess Parachute Payments
"**8**" Substitute Payments in Lieu of Dividends or Interest
"**9**" Direct Sales "Indicator"

Return and income types are recorded for object codes on Object (OBJ2) in the 1099 TYPE field. If an object does not have entries in this field, it is not considered 1099 reportable. Balance sheet accounts which are 1099 reportable require entries on 1099 Balance Sheet Account (BS99). On BS99, each balance sheet account code is recorded with the return and income types for the calendar year.

The 1099 Reporting Process

The creation of 1099 reporting forms, for both the IRS and payees, is driven by a series of batch processes. The order of these processes is critical; some processes depend upon the results of prior ones.

The first 1099 process, the Reportable Payments Selection Process (IS01LD99), is performed monthly throughout the year. This process creates the monthly 1099 ledger (1099LED), which contains all transactions that should be checked for 1099 reportability at the end of a calendar year. General ledger records included in the output 1099LED ledger meet these criteria:

If an object is coded:
- Manual warrants (MW) with account types 02, 22, or 23; or
- Automated disbursements (AD) or electronic fund transfers (EF) with account types 02 or 22; or
- Cash receipts (CR) and Journal Vouchers (JV) with account types 22 or 23

If a balance sheet account is coded:
- If the balance sheet account is the reserved Backup Withholding Account; or
- Cash receipts (CR) and Journal Vouchers (JV) with account types 01 or 02; or
- Manual warrants (MW), Automated disbursements (AD), or electronic fund transfers (EF) which liquidate payment vouchers recorded with a balance sheet account; or
- Check cancellations (CX) with account type 02 (these are written to the 1099 ledger with the object or balance sheet account code of the referenced payment voucher)

Note: the object or balance sheet account code is not checked for reportability (or its income type and return type) each month. Eligible transactions from the entire year are checked once at calendar year end.

At the end of the calendar year, the Yearly 1099 Ledger Update process (IS01RP99) is run. This program collects the 12 monthly ledgers and determines which transactions are 1099 reportable. Transactions are only considered reportable if the vendor is 1099 reportable (their 1099 IND = "**Y**" on VEN2) and the object or balance

sheet account code has return and income types recorded. (See above for a discussion of return type and income type.) If a transaction is deemed 1099 reportable, the income type, return type, and information about the master vendor and agency type are all included on the Yearly 1099 Ledger record.

The third 1099 process, the 1099 Summarization (T99C), condenses the Yearly 1099 Ledger and records the totals on the 1099 table. This process first sums the yearly ledger together by the key fields: calendar year, return type, agency type, FEIN/SSN number, and income type. Each sum is then compared to the existing 1099 table. If a record already exists on the 1099 table for the same key fields, then the summed amount is added to the VENDOR INCOME AMOUNT of the existing 1099 entry. If no 1099 table entry exists for the key, a new record is added with the summarized amount.

After the 1099 table has been updated, corrections may be made manually to the 1099 table. Adjustments are entered in the MISAPPLIED AMT field if they are attributable to ISIS transactions and the OUTSIDE PAYMENT field if they are not attributable to ISIS transactions. For each manual adjustment entered on the 1099 table, a record must already exist on 1099 Text (99TX) with the same key fields.

Once the 1099 table entries have been reviewed, the final process may be run, the 1099 Annual Reporting process (NY1099). This program reads the 1099 table and produces 1099 reports in two formats: 1099 forms for the vendors and a 1099 tape to be sent to the IRS. 1099 reports are only produced if the following criteria are met:

- The REPORT IND is "**N**" or blank (1099 report criteria has not been met);
- The calendar year of the 1099 record matches the year specified with the parameters for the NY1099 process; and
- There is at least $600 of Adjusted 1099 income (the ADJUSTED 1099 field) to the master vendor from the agency type.

Vendor 1099 (1099)

This table records the types and amount of reportable payments made to each Taxpayer Identification Number. The table is populated by a batch process that collects information from the general ledgers. Manual adjustments to the computed amounts are made as necessary directly on the table. For each manual adjustment, a record with the same key fields must exist on 1099 Text (99TX). Figure 2-54 shows the format of Vendor 1099 (1099).

Figure 2-54
Vendor 1099

```
ACTION: . SCREEN: 1099 USERID:

                        V E N D O R  1 0 9 9

  CAL YR= .. RET TYPE= . AGCY TYPE= .... FEIN/SSAN= .........

VENDOR NAME:

  INCOME    VENDOR INCOME                                      REPORT
   TYPE         AMOUNT       MISAPPLIED AMT  OUTSIDE PAYMENT    IND
  ======  -----------------  --------------  ---------------  ------
               1099 AMT REVISED    ADJUSTED 1099
               ----------------    --------------
    .                        .............  .............
                .............
    .                        .............  .............
                .............
    .                        .............  .............
                .............
    .                        .............  .............
                .............
```

1099 Text (99TX)

1099 Text (99TX) is associated with Vendor 1099 (1099) and is used to enter explanations of all manual adjustments to 1099. Each manual adjustment to 1099 must have a record on 99TX with the same key fields. Figure 2-55 shows the format of 1099 Text (99TX).

Figure 2-55
1099 Text

```
ACTION: . SCREEN: 99TX USERID:

                                  1 0 9 9  T E X T

  YR= .. RETURN TYPE= .  AGCY TYPE= .... FEIN/SSAN= .........

INCOME TYPE= .    VENDOR NAME:

                 TEXT                                                  LINE
---------------------------------------------------------------------- ====
......................................................................  ...
......................................................................  ...
......................................................................  ...
......................................................................  ...
......................................................................  ...
......................................................................  ...
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```

Master Vendor (MVEN)

Master Vendor (MVEN) displays the single vendor code and vendor name designated as the master vendor for each Taxpayer Identification Number (FEIN/SSAN). The master vendor is listed as "payee" on all 1099 filings for that Taxpayer Identification Number. All payments made to entities with the same Taxpayer Identification Number (FEIN/SSAN) are summed together and reported on the 1099. Records are added to MVEN whenever a vendor is added to Vendor (VEN2) with a Master Vendor Indicator = "**Y**" and a FEIN/SSAN that does not already exist on MVEN. Figure 2-56 shows the format of Master Vendor (MVEN).

Figure 2-56
Master Vendor (MVEN)

```
ACTION: . SCREEN: MVEN USERID:

                          M A S T E R  V E N D O R

    FEIN/SSAN   VENDOR  CODE            VENDOR NAME
    =========   ------------  ------------------------------
01- .........   ......... ..  ..............................
02- .........   ......... ..  ..............................
03- .........   ......... ..  ..............................
04- .........   ......... ..  ..............................
05- .........   ......... ..  ..............................
06- .........   ......... ..  ..............................
07- .........   ......... ..  ..............................
08- .........   ......... ..  ..............................
09- .........   ......... ..  ..............................
10- .........   ......... ..  ..............................
11- .........   ......... ..  ..............................
12- .........   ......... ..  ..............................
13- .........   ......... ..  ..............................
14- .........   ......... ..  ..............................
15- .........   ......... ..  ..............................
```

1099 Balance Sheet Account (BS99)

1099 Balance Sheet Account (BS99) identifies balance sheet accounts that are 1099 reportable along with the associated return type and income type. Figure 2-57 shows the format of 1099 Balance Sheet Account (BS99).

Figure 2-57
1099 Balance Sheet Account (BS99)

```
ACTION: . SCREEN: BS99 USERID:

            1 0 9 9  B A L A N C E  S H E E T  A C C O U N T

     CAL
     YEAR   BS ACCT   ACCT TYPE   RETURN TYPE   INCOME TYPE
     ====   =======   ---------   -----------   -----------
01-   ..     ....        ..            .             .
02-   ..     ....        ..            .             .
03-   ..     ....        ..            .             .
04-   ..     ....        ..            .             .
05-   ..     ....        ..            .             .
06-   ..     ....        ..            .             .
07-   ..     ....        ..            .             .
08-   ..     ....        ..            .             .
09-   ..     ....        ..            .             .
10-   ..     ....        ..            .             .
11-   ..     ....        ..            .             .
12-   ..     ....        ..            .             .
13-   ..     ....        ..            .             .
14-   ..     ....        ..            .             .
```

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