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Overview

Introduction   Inter-agency accounting transactions are processed using one of three methods in Cardinal:

Method 1:
A payment is processed in the Accounts Payable Module (AP) by the paying agency and receipt is recorded in the Accounts Receivable Module (AR) by the recipient agency. When these types of transactions occur, processing steps are similar to standard AP vouchers or AR deposits (see CAPP - Cardinal Topic No. 20310, *Expenditures* and Topic No. 20205, *Deposits*).

Method 2:
A General Ledger Journal (GL Journal) is processed by a controlling agency that has security access to other agencies. This is processed in the same manner as a GL Journal for an intra-agency transaction, with the exception of the ability to enter multiple Business Units as appropriate (see CAPP - Cardinal Topic No. 20410, *Intra-Agency Transactions*).

Method 3:
A General Ledger Journal created via a Spreadsheet Journal is posted in Cardinal by the Department of Accounts (DOA) General Accounting Unit.

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Determination of Which Inter-agency Method to Use

To determine which method to use, the paying agency will need to analyze the transaction type.

If the inter-agency transaction is for goods or services, Method 1 will be used. The paying agency will enter an AP Voucher with the other agency treated as a vendor. The **recipient agency's vendor ID** will be entered in the Vendor ID field on the Invoice Information tab in the Accounts Payable Module. The Location will generally be IA but agencies should confirm this with the receiving agency. The recipient agency will receive an EDI deposit notification which will be used to record the receipt in the Accounts Receivable Module. When entering the deposit, the **paying agency's Business Unit** is entered as the Customer ID on the Payments tab of the Regular Deposit page. Refer to the "Agency to Agency (ATA) Transactions Information Sheet" Job Aid for a detailed agency vendor ID and Business Unit listing. The Job Aid can be found on the Cardinal Project website, under the Statewide Toolbox. These transactions are referred to as Agency to Agency (ATA) vouchers and ATA deposits.

Certain users within agencies that have control over other agencies will have row level security to all of the agencies under their control. This will allow them to enter, approve and post GL Journals with multiple Business Units within the journal, as described in Method 2. In this manner, they can transfer funds from one agency under their control to another agency under their control.

When there are transactions between agencies that do not fall under Method 1 or Method 2, the transactions will need to be uploaded in Cardinal by DOA's General Accounting Unit using the GL Journal spreadsheet upload process (Method 3). See subtopic "ATA GL Journal Submission" for instructions on what the paying agency needs to provide to DOA General Accounting to facilitate this process.

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ATA GL Journal Coding Structure Requirements

The **minimum** coding structure for ATA GL Journals is summarized as follows:

- Business Unit
- Ledger – always ACTUALS for these types of entries
- Fund
- Account
- Department

The above listed ChartFields are the absolute minimum required. Program is required with all Expenditure accounts. Most agencies utilize other agency level ChartFields (Cost Center, Project, Task, Asset, Agency Use 1 and Agency Use 2). It is the paying agency's responsibility to ensure the coding for **both** agencies is **accurate** and **complete**. In some cases the journal will fail the edit process if all required ChartFields are not included or the string is not accurate.

The total amount of all debit lines of coding <u>must</u> equal the total amount of all credit lines of coding. GL Journals must have a net zero impact to cash. Only DOA General Accounting will be able to post a GL Journal that impacts cash.

There are edits in Cardinal that require a journal to have no net impact to cash and that certain transfer account pairs have no net dollar impact and the correct pair of accounts are used together.

When a journal does not meet the edit criteria, the Journal Status will be set to 'T' which indicates the journal is incomplete. An error message will be indicated on the 'Error' tab of the journal. The error messages are:
- 'The sum of amounts for Cash account 101010 does not net to $0'
- 'The sum of amounts for Transfer Pair accounts does not net to $0 or invalid pair'

In order to complete processing:
1) Update the lines of the journal to correct the error(s)
2) Go to the Journal Header tab and uncheck the 'Save Journal Incomplete Status' checkbox
3) Save the journal
4) Run the Journal Edit process - if all errors were corrected the journal will have a 'V' (Valid) status

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ATA GL Journal Coding Structure Requirements (continued)

The transfer accounts that must be used in pairs and have a net impact of $0 for the pair are:

- 609500 and 609510
- 609560 and 609570
- 609690 and 609700
- 609780 and 609790
- 609820, 609821, 609825, 609830, 609831, 609835 and 609837
- 609840 and 609850
- 609860 and 609870
- 609960 and 609970

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Method 3 ATA GL Journal Accuracy

Primary responsibility for the accuracy of the ATA GL Journal rests with the paying agency.

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Method 3 ATA GL Journal Submission

For Method 3, to facilitate the processing of ATA GL Journals, notification and documentation should be sent to DOA at gacct@doa.virginia.gov. The email should be sent by an individual that has been assigned the GL Approver role in Cardinal. The following items should be attached to the email:

- The agency is responsible for initiating the creation of the ATA GL Journal utilizing the GL Journal Spreadsheet Upload Excel Template macro, downloaded from the Cardinal website. A job aid is available on the Cardinal website with detailed instructions of how the text file should be created (under the General Ledger heading "Uploading Spreadsheet Journals"). The agency should stop after the step with instructions for writing the file. Once the file has been written, the agency should include the .txt file in their email submission to DOA General Accounting. The DOA General Accounting Unit is responsible for completing the remainder of the steps to upload and post the entry in Cardinal.

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Method 3 ATA GL Journal Processing Deadline

Agencies should adhere to the following cutoff deadlines for DOA processing of ATA GL Journals:

- Standard entries throughout the month – allow 3 business days for processing.
- Month-end processing – submit 3 business days prior to month-end close.

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Supporting Documentation

The agency should retain sufficient supporting documentation to provide auditable records containing evidence of required coding elements, supervisory review and approval. See subtopic "ATA GL Journal Coding Structure Requirements" for more information on required Cardinal coding elements. The documentation should be labeled with the Cardinal generated Journal ID in order to easily tie the source documentation to the system.

See subtopic entitled "Records Retention" for more information regarding retention requirements.

While the use of the Cardinal GL Journal Entry Form on the Cardinal website, to provide documentation for entry coding and approval indicates adherence to Statewide requirements, its use is optional and substitute forms and procedures by individual agencies are allowed as long as sufficient documentation is maintained.

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State Sales Tax Returns

Agencies that collect State Sales Tax are required to file a sales tax return with the Department of Taxation (Tax) on a monthly or quarterly basis (§58.1-615, *Code of Virginia*). See CAPP – Cardinal Topic No. 20205, *Deposits*, for details on recording the collection of sales tax.

The agency should utilize Method 1, creating an AP voucher to disburse the money to Tax by their established due date. In order for Tax to properly account for the payments received, the paying agency **must** include their **FEIN** in the "Customer Account Number" field on the Invoice Information tab in the AP Module. Additionally, the **tax account period** must be noted in the "Message" field on the Payment tab in the AP Module.

The agency will also need to electronically submit Form ST-9 Virginia Retail Sales and Use Tax Return to the Department of Taxation at www.tax.virginia.gov unless they have filed a waiver.

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Health Insurance Fund Entries

Agencies may need to request refunds for credits due the agency or pay additional charges due to the Health Insurance Fund (HIF). These transactions will be processed as ATAs in Cardinal. Agencies will be required to complete the GL Journal Spreadsheet Upload Excel Template with the coding for both their agency and DHRM and submit the GL Journal Spreadsheet text file to Payroll Operations at payroll@doa.virginia.gov. The file should be named with the following convention: HC, Business Unit, Month, Year (Example HC26100Feb2016).

Payroll Operations will review the transactions, upload, and post them to Cardinal. These transactions will then interface to CARS until it is decommissioned. **See CAPP Topic No. 50430, Health Insurance, for procedures related to Health Care ATAs.**

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Entries Within One Agency

Any transfer entries that fall entirely within the scope of one agency (Business Unit) should be prepared using a standard GL Journal. See CAPP-Cardinal Topic No. 20410, *Intra-Agency Transactions*.

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Internal Control

Internal Control The approving officer should review supporting documentation to ensure the ATA GL Journal contains proper coding. The ATA GL Journal must be approved by an authorized individual in the agency.

Records Retention

Time Period Retain for 5 years or until audited. See CAPP – Cardinal Topic No. 21005, *Records & Retention*.

Contacts

DOA Contact Director, General Accounting
Voice: (804) 225-2376
FAX: (804) 225-4250
E-Mail: gacct@doa.virginia.gov

Subject Cross References

References

CAPP – Cardinal Topic No. 20205, *Deposits*
CAPP – Cardinal Topic No. 20310, *Expenditures*
CAPP – Cardinal Topic No. 20410, *Intra-Agency Transactions*
CAPP – Cardinal Topic No. 50430, *Health Insurance*

Refer to suggested job aids and training information for data entry and processing on the Cardinal website: http://www.cardinalproject.virginia.gov/

Suggested Forms and Job Aids

The following forms can be found on the Cardinal Website, under Statewide Toolbox – Forms:

Journal Entry

GL Journal Spreadsheet Upload Excel Template

GL Journal Spreadsheet Upload XLA Macro File

The following training aids can be found on the Cardinal Website, under Statewide Toolbox – Job Aids:

Uploading Spreadsheet Journals

Agency to Agency (ATA) Transactions Information Sheet

GL Journals – Posting CARS Activity

Please note: The Cardinal job aids, training materials and forms on the Cardinal website are not policy of the Department of Accounts and are not part of the Commonwealth Accounting Policies and Procedures Manual (CAPP).