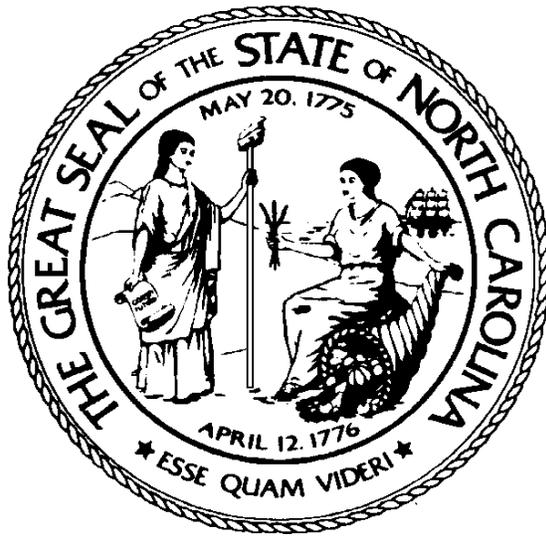


NCAS Basics for Auditors

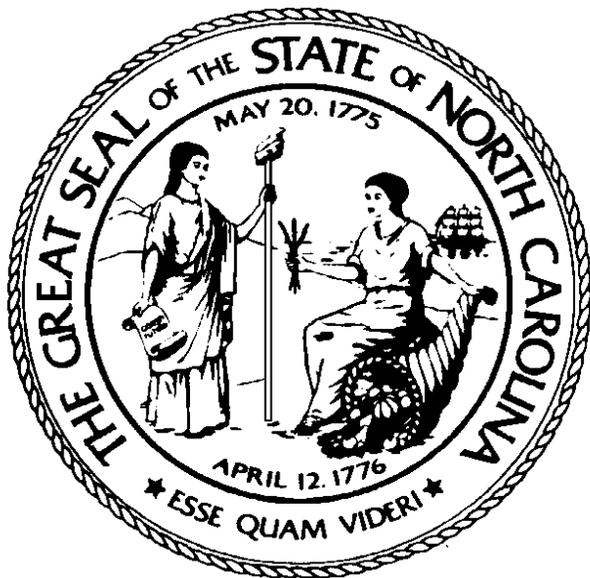
Training Course



State of North Carolina

NC Accounting System

North Carolina Accounting System
NCAS Basics for Auditors
Training Course



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April 10, 2007

This training was prepared by
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TABLE OF CONTENTS

Course Overview	1
Overview	1
Audience	1
Length	1
Objectives.....	1
System Information Guide.....	1
Training Course Reference Material.....	2
OSC Support of the NCAS.....	3
System Operations.....	3
Support Services.....	5
Security	5
Levels of Security	5
Security Profiles.....	6
Security Reports	6
Benefits of NCAS Security.....	7
Training	8
System Information Guide.....	9
Auditor Support	9
Audit Tape	9
Requesting an Audit Tape.....	10
Source Module and Document Type.....	10
Agency Responsibilities	10
Daily Transaction Entry	10
Error Correction.....	11
System Balancing.....	11
Agency Reporting.....	11
System Fundamentals	13
Overview	13
Terminology.....	13
NCAS Model.....	14
Central Master Files	17
Statewide Chart of Accounts	17
Statewide Trade Vendor File.....	17
Statewide Item File	18
Chart of Accounts.....	18
NCAS Policy.....	23
Funds Checking	24
General Ledger/Financial Controller	25
Overview	25
Integration with Other Models	25
Policies and Procedures.....	25
Accounting Basis.....	25
Chart of Accounts.....	26
General Ledger System.....	26

Data Elements.....	28
Chart of Accounts.....	28
Account Type Families.....	29
Accounting Periods.....	29
Central Master Files.....	30
Transaction Processing.....	31
Batch Processing.....	34
Batch Interfaces.....	36
System Balancing.....	38
Exception Processing.....	38
Errors Held in Suspense Accounts.....	39
Information Access.....	42
Audit and Traceback.....	43
Audit Trail Policy Definition.....	45
Balance Inquiry.....	48
Accounting Rule Inquiry.....	49
Online Help.....	49
Reports.....	51
Batch Proof List.....	51
Transaction Alert.....	52
Center Alert.....	53
Decision Support System (DSS).....	53
Budgetary Control.....	55
Overview.....	55
Integration with Other Modules.....	55
The NCAS Model.....	55
Business Process Flow.....	56
Policies and Procedures.....	57
Statewide Policies.....	57
Funds Checking.....	57
Data Elements.....	58
Chart of Account Families.....	58
Document IDs.....	58
Range Records.....	59
Transaction Processing.....	60
Establishing the Budget.....	61
Recording Budget Transfers.....	63
Processing Allotment and Allotment Reversion Entries for General Fund.....	65
System Balancing.....	66
Exception Processing.....	66
Budgetary Exceptions.....	67
Unbalanced Documents.....	67
Unapproved Documents.....	68
Information Access.....	68
Interface Reports.....	68
Control Reports.....	69
Month End Reports.....	70
Monthly Certification Process.....	71
DSS Reports.....	72
Specialized Accounting Functions.....	75
Overview.....	75
Types of Intergovernmental Transactions.....	75
Interfund Services Provided and Used.....	75

Reimbursements	76
Interfund Transfers	78
Federal Grant Transactions.....	78
State Grant Transactions	78
Loans and Advances	78
Grant Accounting.....	79
Grant Accounting Business Process Flow.....	79
Chart of Accounts	80
Accounting Rules.....	81
Reports	83
Capital Improvements	84
Business Process Flow	85
Chart of Accounts	85
Accounting Rules.....	86
Reports	88
General Journal Entries.....	89
Year-End Accounting Functions.....	90
Cash Procedures.....	90
Prior Year Reversals	91
Accruals.....	91
Multi-Year Purchasing Documents	92
Purchasing	93
Overview	93
Integration with Other Modules	93
Business Process Flow	93
Policies and Procedures.....	95
State Procurement Policy.....	95
NCAS Purchasing Policy Hierarchy.....	95
Benefits of the Purchasing Policy Hierarchy.....	97
Audit Trail Data.....	97
Entity Numbering	98
Data Elements.....	98
Master Files	98
Transaction Processing.....	99
Requisitioning.....	100
Purchase Order Creation.....	100
Purchase Order Maintenance.....	101
Benefits of Online Purchasing	103
Batch Nightly Processing.....	103
Exception Processing.....	104
Budgetary Control Exceptions.....	104
Receipt Exceptions.....	104
Invoice Exceptions.....	105
Information Access.....	106
Key Reports.....	107
Accounts Payable	109
Overview	109
Integration with Other Modules	110
NCAS Model.....	110
Business Process Flow	110
Policies and Procedures.....	111
Statewide Policies	111
NCAS AP Policy Hierarchy.....	112

Advantages of the AP Policy Hierarchy	114
Audit Trail Data	114
Data Elements.....	115
Transaction Processing.....	115
Creating a Control Group.....	115
Processing Direct Invoices.....	117
Processing Matching Invoices.....	118
Processing Employee Expenses.....	122
Processing Employee Advances.....	123
Creating a Payment Cycle	125
Maintaining AP Documents.....	127
Handling Special AP Processes.....	128
Benefits of the NCAS AP Module.....	132
Batch Processing	133
System Balancing	133
Exception Processing.....	134
Budgetary Control Exceptions.....	134
Invoice Exceptions	134
Information Access.....	135
Inquiry Screens	135
Reports.....	137
Fixed Assets	139
Overview	139
Integration with Other Modules	139
Business Process Flow	139
AP to FA Interface.....	140
Policies and Procedures	140
Inventoried Assets.....	140
Capitalized Assets.....	141
Special Cases	141
Components.....	141
Data Elements.....	141
Transaction Processing.....	142
Recording Assets.....	142
Benefits	143
System Balancing	143
Information Access.....	145
Inquiry Screens	145
Reports.....	147
Inventory	149
Overview	149
Integration with Other Modules	150
Policies and Procedures	150
Statewide Policies	150
The NCAS Inventory Policy Hierarchy	151
Transaction Processing.....	155
Replenishing Stock	155
Issuing Items	157
Reconciling Inventory.....	158
Inventory Accounting.....	158
Benefits of the Inventory Module.....	162
System Balancing	162

Exception Processing.....	162
Budgetary Control Exceptions.....	162
Min/Max Exceptions.....	163
Insufficient Inventory.....	163
AP Price Variances.....	164
Information Access.....	164
Online Inquiry.....	164
Reports.....	166
Valued Transaction Register by Warehouse (RVTRW).....	166
Inventory Valuation Detail by Warehouse (WHSEVALU).....	166
Inventory Turns by Warehouse.....	166
Accounts Receivable.....	167
Overview.....	167
Key Data Element.....	167
OSC Responsibilities.....	167
Agency Responsibilities.....	167

Course Overview

Overview

This course provides an overall view of the Financial and Materials Management modules of the North Carolina Accounting System (NCAS). Particular emphasis is placed on how accounting data is entered in the system and the integration between the various modules. In addition, this course provides the tools needed to inquire and research in these various modules.

This course is not intended to produce “experts” in any one area of the NCAS. Instead it should provide an overview of each topic including:

- The components of the module
- High-level understanding of how it works
- Sources of additional information

Audience

- Auditors

Length

1 day

Objectives

Upon successful completion of this course, participants will:

- Gain an understanding of the various NCAS modules and the integration between the modules.
- Be able to inquire on the various modules.
- Understand how financial transactions from external systems are interfaced into the NCAS.

System Information Guide

The NCAS System Information Guide (SIG) is an extensive on-line help tool. It contains extensive documentation, forms and reports associated with NCAS. It also contains the production calendar, the training calendar, and a listing of agency contacts.

The website for the SIG is:

http://www.ncosc.net/sigdocs/sig_docs/index.html

NOTES

- ◆ *Throughout this course, you will see references to the SIG. They will be displayed in this format.*

Training Course Reference Material

Included at the back of each of our regular training course manuals are reference helps. The training course manuals can be viewed on the SIG. Reference material includes:

- Procedures
- Quick Reference Guides
- Reports

PROCEDURES

Procedures are detailed process steps that describe how to complete a task or group of tasks. These “step-by-steps” can be used after the training as a reference on how to use the NCAS to perform job functions.

QUICK REFERENCE GUIDES (QRGs)

Reference material includes charts, graphs, and tables that help participants complete the tasks involved with their jobs.

REPORTS

Reports include the location name of the report and examples of reports used in performing tasks related to agency system management.

OSC Support of the NCAS

System Operations

All members of the OSC's Financial Systems Division (FSD) and members of the Statewide Accounting Division (SAD) are responsible for NCAS system operations.

A responsibility matrix of these duties along with appropriate organization charts are available upon request.

These responsibilities include:

- Master file maintenance
- Statewide Chart of Accounts
- Statewide Item File
- Statewide Trade Vendor File
- Statewide system security
- Reporting
- System balancing
- Daily system processes
- Periodic system processes
- Year-end system processes

The following matrix contains areas of responsibility within the OSC. A list of specific persons responsible for these areas is available from the Assistant State Controller for the Financial Systems Division.

RESPONSIBILITIES	
NCAS POLICY	TRAINING DOCUMENTATION
Accounting Standards	Training Materials
Legal Requirements	Training Attendance
System Policy	Continuing Professional Education (CPE)
BUDGET MANAGEMENT	Computer-Based Training (CBT)
Budget Creation/Revisions (BPS/BRS)	Information Guide
Budgetary Control (Available Funds File)	Daily Agency System Use
Budget Reports	System Management Documentation
GENERAL ACCOUNTING	SYSTEM PROCESSES
Fund Accounting - Governmental	Agency Owner - General
Fund Accounting - Proprietary	Daily System Production/Balancing
Fund Accounting - University	Month-end Processing
Cost Allocation	Year-end Closing
Grant Accounting	System Error Correction
Cash Management	System Purges
Special Accounting Activities	Records Retention
Financial Reporting	Interfaces - Central
MATERIALS MANAGEMENT	Interfaces - Agency
Purchasing	SYSTEM MANAGEMENT
Inventory Management	NCAS Model Strategic Planning
Accounts Payable	NCAS Model Q/A
ACCOUNTS RECEIVABLE	Implementation Management
Accounts Receivable	System Upgrades
FIXED ASSETS	System Modifications
Fixed Assets	System Integration
INFORMATION ACCESS	Data Base Admin & System Testing
Information Expert	Operations Calendar/Statistics
Systemware - X/PTR	Disaster Recovery
Decision Support System (DSS)	Network Support
Printing (Reports, POs, Checks, etc.)	Client Support System
Financial Controller Audit File	CENTRAL FILES
Public Access	Chart of Accounts
	Vendors
	Items
	Security

No one person is responsible for a particular area of responsibility. There is always a backup person.

NOTES

Most areas of responsibility have people with different skills (e.g., design, functional, accounting, technical) in order to ensure that solutions properly address business needs.

Support Services

NCAS users are our customers. This is the underlying principle of the NCAS client support model. Agency staff should first contact experts within their agency (and their agency Help Desk when applicable.)

If the problem is of a technical nature (e.g., a hardware problem, difficulty with the LAN or a non-functioning PC connection), NCAS users should contact their agency technical staff or ITS.

If the NCAS user is unable to resolve the problem through his or her agency or technical support, he or she should contact the OSC Support Services Center for assistance at 919-875-HELP (4357).

The personnel at the OSC Support Services Center will attempt to answer the call. If they are unable to answer the question, the call is logged into a call management system and referred to either a functional or technical specialist.

Security

Levels of Security

- **CICS Resource Access Control Facility (RACF) ID**

Assigning RACF IDs is an agency-specific task performed by the Agency Security Administrator. This level of security allows access to the ITS mainframe and permits access to the NCAS CICS region where the online NCAS resides.

- **Restrictive**

The OSC assigns the NCAS operator ID numbers and passwords. Agencies notify NCAS operators of their assigned NCAS operator IDs. Additionally, agencies ensure that each operator changes his or her initial password at first sign on. This level controls access to the NCAS application environment and permits access to a specific application system (e.g., General Ledger, Accounts Payable, Fixed Assets).

NOTES

- **Selective Security and Extended Product Security**

This level controls access to screens and data within an application system. This application level of security permits or denies an operator's access to specific screens within an application and to certain controls (e.g., buying entity, paying entity, company). This is a critical security area where the daily business operations of an agency take place. The NCAS database is created and maintained within the business functions of a specific NCAS application system.

The OSC controls the application level security using information supplied by the agencies on the following forms:

- OSC SEC01, NCAS Security Request Form
- OSC SEC02, NCAS Operator Restriction Form

Using form OSC SEC02, the agency security administrator can restrict an operator to certain companies, accounts, and centers or ranges of accounts and centers. The system provides 45 lines that can be used for listing these restrictions.

- OSC SEC03, NCAS Change Operator Security Profile Form

◆ *Refer to the **SIG** for statewide **security profiles**, copies of **security forms** and procedures for **adding and changing security**.*

Security Profiles

Security profiles provide access to sets of screens based upon particular business functions. The following NCAS statewide security profiles are available:

- Accounts Payable:
- Accounts Receivable
- Budgetary Control
- E-Procurement
- Financial Controller
- General Ledger
- Inventory
- Procurement Card
- Purchasing

◆ *Refer to the **SIG**, under **Documentation Security Profiles**, for detailed information regarding security profiles.*

Security profiles are copied and customized by the OSC for additional and/or new business functions. However, each agency is ultimately responsible for selecting the appropriate profile for the business need. The OSC reviews the assignment of profiles to ensure the separation of duties.

Security Reports

Contact a security administrator to obtain the following reports:

- Report Title - **SECURITY REPORTS/AGENCY**
 - The **Operator/Function Cross Reference** report lists the availability of each screen function for an operator within an application.
 - The **Operator/Secured Keys Cross-Reference** report lists all screens that are secured to specific controls within an application.
 - The **Operator Secured End Approval List** report shows the list of ID's that a particular operator can end. It is only available for the BC module.
- Report Title - **SECURITY TABLE UPDATE OSC**
 - The **DCI User Security Table Maintenance** report provides a list of NCAS operator ID numbers that were added, changed, or deleted during the weekly update.
- Report Title - **SECURITY USERS TABLE LIST**
 - The **List of DCI Users by Agency/Operator Alphabetical** report lists users in columns by:
 - agency/operator ID.
 - agency/alphabetical by operator.
 - agency/RACF ID.

NOTES

Benefits of NCAS Security

Centralized controls limit agency access to its data within a single file. Each profile contains security access to groupings of screens based on business function. Being able to replicate these profiles for like business functions speeds up security setup.

Protection is in place against unauthorized access, modification or destruction. Other precautions include standardized system procedures for backup, recovery, and safeguard against fraud and acts of God.

Modeling and Implementation

Modeling ensures that any new or significantly changed function is fully tested first. Modeling involves three phases:

1. Model
2. Test
3. Put into production

Implementation is the phase during which new agencies and modules are added to the NCAS.

NOTES

Training

Many courses have been developed to aid in the training of NCAS users. The following table lists OSC training courses currently available:

Course Category	Course Name
NCAS Overview	NCAS Basics for Auditors
	NCAS Basic (CBT)
General Accounting	Capital Improvements
	Grant Accounting
	Grant Accounting with Cost Allocation
	Agency System Management
Information Access	DSS (Decision Support System) Basics
	Information Access (CBT)
	Using Information Expert in the NCAS Environment
	Basic Information Expert (IE) Reporting
	Advanced Information Expert (IE) Reporting
Budget Management	Budget Management
General Topics	Check Printing Basics
	Fixed Assets Basics
	Security Administrators's Workshop
Materials Management	1099 Processing
	Accounts Payable Overview
	Accounts Payable Management
	Accounts Payable Matching
	Accounts Payable Basics
	Inventory Management
	Inventory Accounting
	X/PTR for Inventory
	Accounts Receivable for Inventory
	Inventory for LEAs
	Usage Orders
	E-Procurement Purchasing in NCAS Inventory
	Procurement Card
	Vendor Processing

◆ A description of each course offered by the OSC can be found in the **training catalog section on the SIG**. Auditors may also sign up for courses. See the **training schedule and student registration forms on the SIG**.

System Information Guide

NOTES

The NC Accounting System Information Guide (SIG) is the primary source for NCAS documentation. It is updated frequently as soon as new information is available. The SIG can be accessed from the OSC home page: <http://www.ncosc.net>.

News

The News section contains the most current information regarding the North Carolina Accounting System including NCAS System status, agency contacts, memos and a list of what is new since the last update.

Operations

The Operations section contains the North Carolina Accounting System operating calendar for three months (current, previous, and next month), as well as standard operating hours and month-specific hours.

Training

The Training section provides catalog descriptions of all courses in the North Carolina Accounting System curriculum, the training schedule and registration forms.

Documentation

The Documentation section contains information on statewide policies, procedures, reports, forms, Decision Support System (DSS), NCAS interfaces, year-end activities, security profiles and NCAS Uniform System Codes.

Hot Topics

The Hot Topics section contains recent memos and documentation with regard to current, pending, and upcoming issues within the NCAS. The Hot Topics section can be thought of as “breaking news.”

NCAS Data Elements

The NCAS Data Elements section contains definitions and listings of all key NCAS reporting data elements including company (financial reporting unit), accounts and center structure, budget codes, GASB funds, NCAS financial reporting entities, items, vendors, and inventory elements.

Auditor Support

Audit Tape

The audit tape is available upon request from the Electronic Data Processing (EDP) Audit Section of the Office of the State Auditor (OSA.) It contains all detailed transactions for an agency and can be used to select a sampling of transactions to audit.

NOTES

The audit tape contains detail transactions interfaced into the NCAS from source systems unique to the agency.

- ◆ *Refer to the **year-end activities** section of the **SIG** for the audit tape file layout.*

Requesting an Audit Tape

Requests for an audit tape by state auditors should be directed to the EDP Audit Section of OSA via a Data Retrieval Request Form. Requesters should know the agency name and the specific time period over which data is needed.

The EDP Audit Section then requests the audit tape from OSC Support Services. A specific data set name is created for each request.

Requests are typically responded to in one to two business days. Each agency should have its own procedures for internal auditors to request the audit tape.

Source Module and Document Type

Each NCAS module identifies detail transactions by a unique source module and document type within that source module. There are seven different NCAS modules that generate detail transactions that are posted to general ledger:

- General Ledger (GL)
- Budgetary Control (BC)
- Accounts Payable (AP)
- Purchasing (PS)
- Inventory (IN)
- Accounts Receivable (AR)
- Procurement Card (PC)

Each module is identified on the audit tape by source module ID. Agency specific interfaces use a source system ID which has been approved by the OSC.

- ◆ *A complete listing of **source system ID codes** can be found on the **SIG** in the documentation selection.*

Agency Responsibilities

Daily Transaction Entry

Agencies are responsible for all components of transaction entries except for:

- Adding/changing items and trade vendors
- Adding/changing system policy (e.g., Chart of Accounts, accounting rules)

Error Correction

NOTES

Agencies are responsible for identifying and correcting the errors that occur in the Purchasing, Accounts Payable, Budgetary Control, and General Ledger modules.

The following are used in the error correction process:

- Budgetary Control
 - Budgetary Control Queue
 - Unfinished documents
- General Ledger
 - Suspense clearing account
 - Suspended Batch Master (SBM) clearing
 - Interface suspense accounts

System Balancing

Agencies are responsible for performing system balancing activities. System balancing procedures are module-specific.

◆ See the **SIG** for information about **daily balancing**.

Agency Reporting

Agency-specific reports are developed and maintained by the agency. Examples of agency-specific libraries include FINANXX, MGMTXX, and USERXX.

System Fundamentals

Overview

The following discussion topics are addressed throughout the course:

- **Overview** - The business functions of each NCAS module is described.
- **Integration with Other Modules** - The relationships of each module to the other NCAS modules and to external systems are described as well as the business process flow of the module.
- **NCAS Policies and Procedures** - System settings and statewide procedures have been established to ensure the proper use of the NCAS.
- **Data Elements** - Master files and other key data elements are described, along with the validation process used to establish these data elements.
- **Transaction Processing** - Each major transaction in the module is described, including business function, accounting rules, controls, audit trail, and benefits.
- **System Balancing** - Considerations for balancing the input and output for each module are presented.
- **Exception Processing** - The possible exceptions for the module transactions are presented, including how they occur, who resolves, and how they are resolved.
- **Information Access** - Key inquiry screens, reports, and Decision Support System views are presented.

Terminology

There are several modules in the North Carolina Accounting System. Each module has a specific function, yet integrates with other modules as necessary.

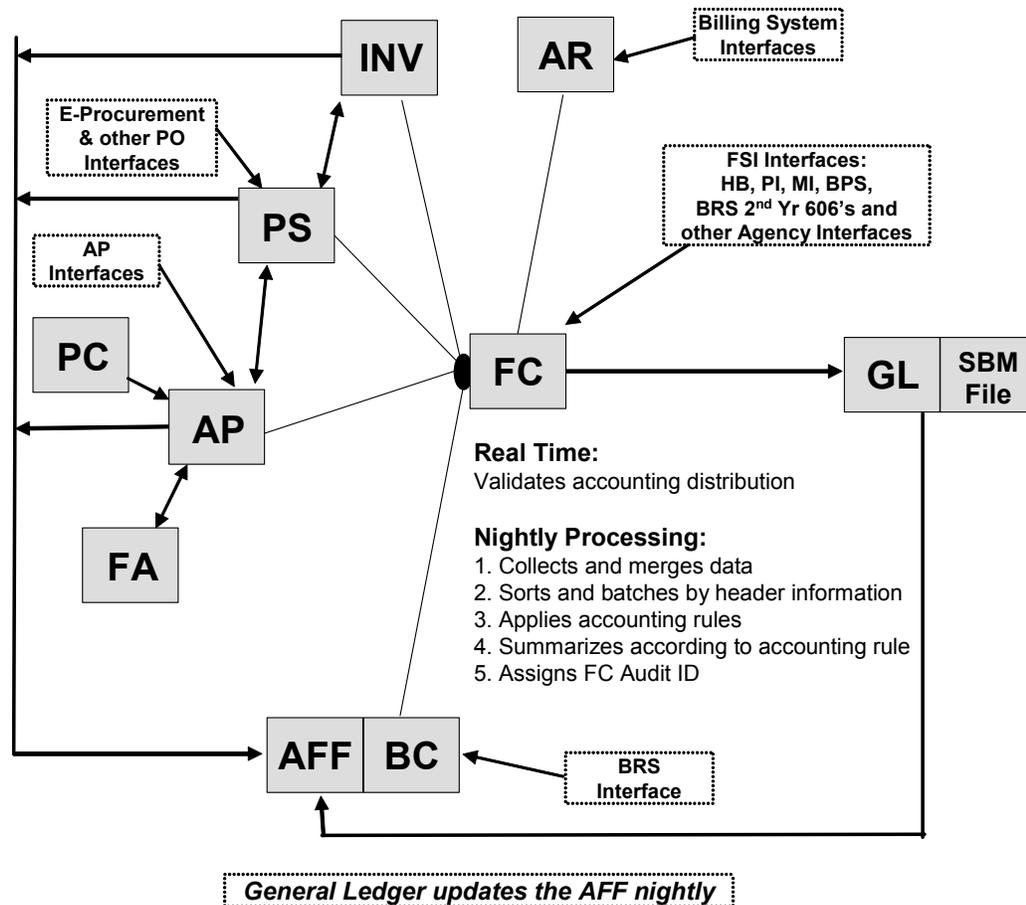
Abbreviations for each module include:

- AP Accounts Payable
- AR Accounts Receivable
- BC Budgetary Controller
- FA Fixed Assets
- FC Financial Controller
- GL General Ledger
- IN Inventory
- PC Procurement Card
- PS Purchasing

NOTES

◆ Refer to the **Glossary** in the **SIG** for additional abbreviations related to the NCAS.

NCAS Model



The NCAS Model is a comprehensive model that includes the entire functionality of the system. The NCAS is more than just an “accounting” system. The following components of the NCAS work together to make the system more than just software, but also a standard, uniform business philosophy for government agencies:

- Policies and procedures
- Central master files
- Statewide uniform Chart of Accounts
 - Statewide Vendor File
 - Statewide Item File
- Integrated financial and materials management database
- Information access and decision support

FINANCIAL MODULES

NOTES

General Ledger

There are four financial modules. The first one is the **General Ledger**. It is a repository of financial information. The General Ledger (GL) includes transactions from the other NCAS modules which are summarized and posted to the GL during nightly batch processing.

Transactions from external systems are also summarized and posted to GL during nightly batch processing via interfaces.

The GL provides data for agency financial and budgetary reports. It is also the source of data for the Comprehensive Annual Financial Report (CAFR).

Financial Controller

The second financial module is the **Financial Controller**. It is the processing module of the NCAS. The Financial Controller (FC) serves as the “traffic cop” of the NCAS. Accounting rules control the exchange of data between modules and determine how the transactions post to the General Ledger.

Detail transactions from other modules are summarized by FC and posted to the GL. The FC controls company/account/center security.

Budgetary Control

The next financial module is the **Budgetary Control**. The Budgetary Control module (BC) tracks and controls an agency’s budget by encumbering funds for each transaction.

The Available Funds File (AFF) provides control and inquiry into budgetary distributions.

Manual journal vouchers are processed through the BC module.

Accounts Receivable

The final financial module is **Accounts Receivable**. The Accounts Receivable (AR) module is a customer database that tracks outstanding receivables.

Accounts Receivable is not a statewide model.

MATERIALS MANAGEMENT MODULES

Purchasing

There are also four materials management modules. The first is the **Purchasing module**.

NOTES

The Purchasing module (PS) allows the entry of online requisitions. It provides a mechanism for approving requisitions online. PS provides for the creation and tracking of requests for quotes (RFQs.)

The Purchasing module allows for the conversion of requisitions to purchase orders. It also records receipts for goods and services.

It is integrated with the Budgetary Control module for real-time funds checking through the AFF. PS integrates with the General Ledger and Financial Controller for Chart of Accounts purposes.

However, most Purchasing activity now takes place through the online E-Procurement System which is passed to NCAS during the overnight production run.

Procurement Card

The next materials management module is the **Procurement Card** module. The Procurement Card module (PC) was designed to capture purchasing history from "credit card" style purchases. Purchases are detailed, reconciled, and then an invoice is produced that is passed to the Accounts Payable module for payment.

Accounts Payable

The next materials management module is the **Accounts Payable** module. The Accounts Payable (AP) module tracks and processes payment to trade vendors.

It also tracks and processes employee advancements and expense reimbursements and prints and reconciles checks. Online (auto-mated) invoice matching is supported through AP.

AP tracks 1099 information and generates year-end reporting. It is also integrated with the Budgetary Control module for real-time funds checking through the AFF. It is also integrated with General Ledger and Financial Controller modules for Chart of Accounts purposes.

Inventory

The next materials management module is the **Inventory** module. The Inventory module (IN) was designed to support both central and satellite warehouses. It has the capability to automatically replenishment stock and allows users to request items via usage orders.

IN expenses inventory when inventory is used (consumed). It is integrated with other NCAS modules including Budgetary Control for available funds checking, Purchasing for replenishment, and Accounts Payable for calculation of average inventory costs.

Fixed Assets

NOTES

Another materials management module is the **Fixed Assets** module. The Fixed Assets module (FA) is a database that includes some of the assets held by State of North Carolina. It integrates with the AP module in overnight production to produce the AP to FA interface report.

The Fixed Assets module tracks both inventoried assets and capitalized assets.

The nine modules in the NCAS contain a vast amount of information. Several Information Access tools are available which serve to allow you to access this information:

- Inquiry screens from the NCAS
- Mainframe reporting tools
- Information Expert (IE)
- Systemware (X/PTR)
- Client-server reporting tools
- Decision Support System
- Documentation of the NCAS
- System Information Guide (SIG)

◆ *All NCAS business processes have established policies and procedures which are documented in the **SIG**. These policies and procedures are defined by the OSC and other central government agencies.*

Central Master Files

To support the NCAS model and to ensure that policies and procedures are upheld, central master files have been created.

Statewide Chart of Accounts

The State of North Carolina has developed a uniform Chart of Accounts. This chart was designed to ensure consistent financial management of the state's accounting information. It also provides fund, object, budgetary, and GAAP (Generally Accepted Accounting Principles) data elements for central and agency recording and reporting requirements.

Statewide Trade Vendor File

Before a trade vendor can be utilized in a NCAS transaction, the trade vendor must exist in the Statewide Trade Vendor File. This file is established and maintained by the OSC. In order to establish a trade vendor, the vendor's federal identification number or social security number must be known.

NOTES

Statewide Item File

Items, like vendors, are stored in a centralized file. The file for items is called the Statewide Item File. It is maintained by the OSC and contains two types of items: permanent and generic.

Chart of Accounts

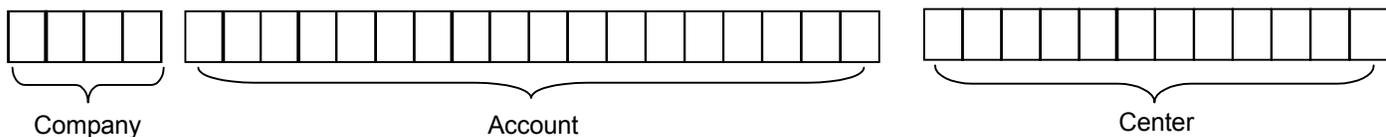
The NCAS Uniform Chart of Accounts is designed to ensure consistent financial management and accountability of the State's resources. A flexible accounting key structure is used to ensure uniformity. It also provides fund, object, budgetary, and GAAP data elements for central and agency recording and reporting requirements through its 34-character structure.

Agencies are allowed flexibility in the key field named 'CENTER' to define their reporting needs to meet operational requirements. The Office of the State Controller (OSC) assists agencies during the implementation stage to format an efficient center configuration.

The NCAS Chart of Accounts and all policy related to the chart is maintained by OSC. An agency is allowed to validate its account against a master NCAS account table. This allows for a real-time validation of account/center combinations.

The NCAS Uniform Chart of Accounts (Master Account Table) is controlled and updated by the Office of the State Controller. Any additions or revisions to the NCAS Uniform Chart of Accounts are directed to **OSC's NCAS Accounting Control** section. These revision requests are then reviewed to ensure uniformity and consistency with the NCAS Uniform Chart of Accounts.

The accounting structure consists of the company, account, and center.

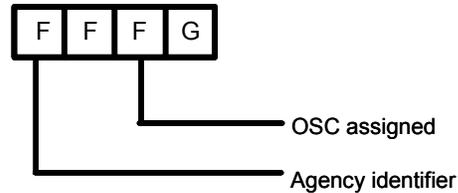


Company

The department/division has been incorporated into the NCAS company field. The agencies have been renumbered.

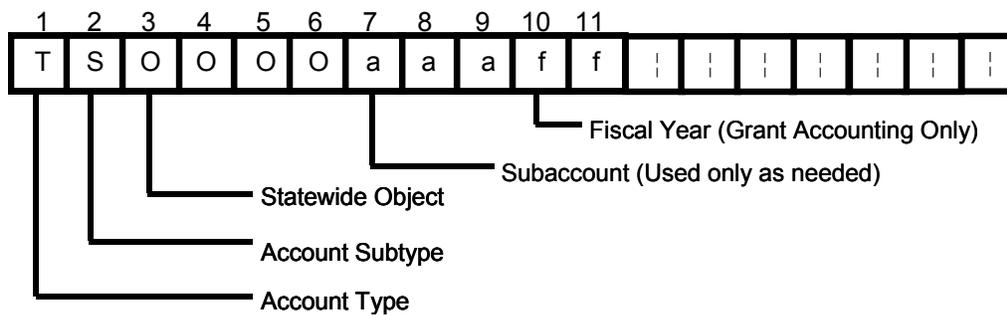
◆ A full listing of the **NCAS company numbers** is available in the **SIG**.

NOTES



- Four-position field
- System Balanced by Company
- Defines Financial Reporting Entity

Account



ACCOUNT is divided into five identifiers:

- Account Type (Position 1)
- Account Subtype (Position 2)
- Statewide Object (Positions 3-6)
- Subaccount (Positions 7-9) ← (Optional)
- Fiscal Year (Grant Accounting Only) (Positions 10-11)

The first nine positions represent the NCAS account numbers. Positions 10 and 11 are reserved for a grant fiscal year indicator (where year 2007 becomes 07). For non-grant accounting functions, positions 10 and 11 are blank. The last seven positions are also left blank. They are reserved for future use of further detail and are not currently required.

The first position of the Account is the **account type**, which describes the major category of an account. Through the use of the different account types, the general ledger provides both budgetary and accrual GAAP reporting. The processing class is built within the software to indicate the accounting treatment of account types at year-end. The following is a list of account types with their normal balance and processing class, which are valid for Account position 1:

NOTES

	Types	Normal Balance	Processing Class
1	Assets	Debit	1
2	Liabilities	Credit	2
3	Fund Equity and Other Credits	Credit	3
4	Revenues	Credit	4
5	Expenditures	Debit	5
6	Budget (Revenues)	Debit	6
7	Budget (Expenditures)	Credit	7
8	Purchase Order Encumbrances	Debit	2
9	Reserved for Suspense Accounts	Zero	3
0	Accounts Payable Encumbrances	Debit	2

For data entry purposes, only account types beginning with 1 through 5 are used. System accounting rules in the Financial Controller (FC) module change an account type from its original entry type to its posted account type.

Account subtype indicates financial and budgetary reporting requirements. The following is a list of account subtypes which are valid for each account type:

Account Type (Position 1)	Account Subtype (Position 2)
1,2	1 Current 2 Non-current 7 Inter-company
3	2 Fund Balance or Reserves 3 Net Assets 4 Investment in Property 9 Thirteenth Month Reversal
4,5,8,0	3 Actual 6 Monthly Accrual (DOC only)
5,8,0	9 Consumption
6	3 Authorized Budgeted Revenues 5 Life-to-Date Budgeted Revenues 8 Certified Budgeted Revenues
7	3 Authorized Budgeted Expenditures 5 Life-to-Date Budgeted Expenditures 8 Certified Budgeted Expenditures 9 Consumption

The next segment of the Account contains the **Statewide Object**. The following is a list of statewide object categories (groups) which are valid for each account type:

NOTES

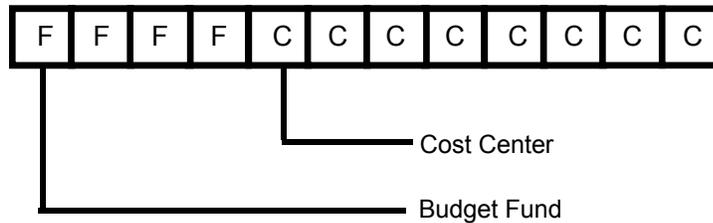
Account Type (Position 1)	Account Subtype (Position 3)
1	1xxx Cash, Cash Equivalents and Pooled Cash
	2xxx Investments
	3xxx Receivables
	4xxx Interfund Receivables
	5xxx Notes Receivables
	6xxx Inventories
	7xxx Fixed Assets
	8xxx Long-Term Obligation Debits
	9xxx Other Assets
2	1xxx Accounts, Payable and Accrued Liabilities
	2xxx Interfund Payables
	3xxx Notes Payables
	4xxx Capital Leases Payable
	5xxx Benefits and Claims Payable
	6xxx Bonds and Interest Payable
	7xxx Deposits Payable
	8xxx Deferred Credits
	9xxx Other Liabilities
4,6	1xxx Tax Revenues
	2xxx Grants
	3xxx Investment Income
	4xxx Sales, Service, and Rentals
	5xxx Fees, Licenses, and Fines
	6xxx Contributions and Donations
	7xxx Miscellaneous
	8xxx Intragovernmental Transactions
	9xxx Budgetary Accounts
5,7,8,0	1xxx Personal Services
	2xxx Purchased Services
	3xxx Supplies
	4xxx Property, Plant and Equipment
	5xxx Other Expenses and Adjustments
	6xxx Aid and Public Assistance
	7xxx Reserves
	8xxx Intragovernmental Transactions
	9xxx Budgetary Accounts

◆ *A full listing of the NCAS Chart of Accounts is available in the **Accounts (COA)** section of the **SIG**.*

Center

The Center is the last segment of the Chart of Accounts. OSC assists agencies in defining their center structure. Account to center validation in the NCAS is performed by the agency.

NOTES



The first four positions of the Center are the **budget funds** (program numbers) mandated by the Office of State Budget, and Management.

The last eight positions are available to the agency for defining **responsibility areas** or **alternate reporting needs**. These eight positions accommodate reporting needs currently associated with RCC, FRC, Program and District.

All twelve positions of the Center are not required for building an agency's Center key. Only the first four positions are required. Additional positions of the Center structure should be used as necessary to define organization, funding source, project number, program, grant identifier, and other reporting needs.

System defined centers are used with the suspense account and with summary accounts.

The suspense center, 999999999998, is used in combination with the suspense account. Errors and system generated transactions are posted to the suspense account/center.

The summary center, 999999999999, is used with summary accounts. Summary account/centers provide online summary information and facilitate reporting.

After the accounts and centers have been defined, all possible combinations of accounts to centers must be established. An entry posted to an invalid account-center relationship will be held in a suspense account.

The **Company Fund Table** is used to associate each company, fund number, (Positions 1-4 of center) and fiscal year with the following:

- Budget code
- Governmental Accounting Standards Board (GASB) number
- Fund Equity account

The fund must be recorded by the OSC in the Company Fund Table in order to be used by agencies. The information for each company contained in the Company Fund Table can be referenced in the Master Table List report (C-U-GL-MASTER-TABLE-LIST) in the GLPUBLIC library in IE.

NCAS Policy

NOTES

There are two types of policy: statewide and system policy. **Statewide policies** are defined by the OSC and other central government agencies. They are incorporated in the NCAS model for all business processes. NCAS policy is contained in the **SIG**. It includes the Uniform Chart of Accounts. **System policy** supports statewide policy.

Statewide policies are established for required business functions.

Each NCAS module contains a set of system policies that support the statewide policies by governing how the system works. As part of the NCAS model, the OSC has determined:

- How to use this policy to maintain statewide business practices
- Statewide vs. agency-specific policy
- Numbering schemes

The policy settings are applied to transactions to control:

- How the transaction is processed
- Validation
- Conditions for error/warning messages
- Information included in the audit trail

System policy is established at levels within a policy hierarchy for each module. The policy settings define defaults that are applied to transactions. When applied to a particular transaction, the defaults established at the most general level are overridden by the defaults defined at more specific levels in the policy hierarchy.

The **Purchasing** policy hierarchy specifies default settings for each buying/paying entity. The policy settings established at the buying and paying entity levels apply to the majority of transactions. However, these defaults can be overridden at each subsequent level in the hierarchy. In other words, the system uses the policy settings defined at the lowest level of the policy hierarchy.

The benefits of the policy hierarchy are as follows:

- Because information defaults to all related transactions, buyers enter less information and, therefore, are less likely to make mistakes.
- Agencies can automatically and consistently apply general business policies to all transactions.
- Allows policies to be overridden when applicable.
- When exceptions occur, policy can be overridden when necessary by the buyer.
- The OSC maintains policy.
- The OSC defaults the model policy hierarchy (depending on the type of entity).
- Agencies must request changes from the OSC. The OSC has access to all policy screens.

NOTES

Funds Checking

One of the strengths of the NCAS is its ability to check for funds real-time as each transaction is processed. The NCAS reserves funds for all transactions (new, changed, closed, or canceled), including:

- Requisitions
- Purchase orders
- Invoices
- Usage orders
- Journal entries
- Employee payments

The NCAS checks the Available Funds File (AFF) for the availability of funds and reserves funds against the authorized budget. When a check is written, the AFF reflects the expenditure. All entries for funds checking are recorded real-time. Transactions that have funds exceptions can be forwarded to the agency's budget officer.

General Ledger/Financial Controller

Overview

Both the General Ledger (GL) and the Financial Controller (FC) contain financial transactions from the NCAS. GL contains the summary transactions, while FC contains the detail transactions.

When the NCAS posts transactions at night, it feeds transactions from all modules (PS, AP, IN, BC) through FC to the GL. Therefore, balances in the GL are not up-to-the-minute.

Integration with Other Models

The **General Ledger (GL)** is the repository for financial information entered into the NCAS. Information stored in the GL provides the basis for many statewide and agency reports.

The **Financial Controller (FC)** controls the exchange of data between modules and collects detail from all transactions. The FC acts like a funnel for information to the GL, integrating the GL with all NCAS modules:

- Accounts Receivable
- Budgetary Control
- Inventory
- Purchasing
- Accounts Payable

Policies and Procedures

The OSC has incorporated statewide financial policies and procedures into the General Ledger and the Financial Controller. The state uses a modified accrual method of accounting. During the year, agencies use the cash basis of accounting. During the 13th period, accrual entries are posted to record accrual activity.

Accounting Basis

The following table summarizes the major differences between when transactions are recognized in cash and accrual accounting.

TRANSACTION	CASH	ACCRUAL
Revenues	When received	When earned
Expenditures	When dispersed	When item received or service performed

NOTES

Chart of Accounts

The Chart of Accounts was covered in the previous chapter. Note this brief summary below:

- Standardized accounts
 - Standardized accounts are uniformly controlled by the OSC.
- Certified budget
 - The first four positions of the center are the certified budget.
- Company fund table
 - Establishes each new fund number.

General Ledger System

Statewide policies established by the OSC include the following:

General company policy

General company policy defines the number of periods open for processing posted transactions. Thirteen periods as defined by the system support both cash and accrual basis accounting.

Closing account distributions

Closing account distributions are used to close end-of-year revenues and expenditures to the appropriate fund balance account/center. This feature of the system supports uniform year-end processing procedures.

Edit rules

Edit rules define the type and number of characters that are used for each segment of the accounting key. For example, the four-digit company field cannot accept a two-digit number. Edit rules support a uniform Chart of Accounts.

Reserved numbers

Reserved numbers support inquiry functions and system integrity. They are currently used by the system for special purposes and cannot be set up by a user for another purpose.

- **Inquiry into the General Ledger**

- Summary centers*

- Summary centers contain summary balances for an account.

- The summary center is 999999999999.

- **Summary accounts**

- Summary accounts are used to obtain online summary information and facilitate reporting.

- The summary account is 99999999899.

NOTES

— System integrity

Suspense accounts and centers

Suspense accounts and centers are used to post transactions that contain an error due to an invalid account/center combination.

The suspense account is 99999999899 and the suspense center is 99999999998.

Fiscal calendar

The NCAS fiscal calendar begins July 1st and ends June 30th. There are 13 accounting periods relating to the fiscal calendar with a 14th period used for life-to-date (LTD) balance:

Twelve periods correspond to each fiscal month.

The 12th period from June 1 to June 29th is used for cash basis accounting.

The 13th period (June 30th) is used to record accrual and year-end transactions.

- ◆ Refer to the **Agency System Management** course for additional information regarding General Ledger policy. Selected content from this course is also available on the **SIG**.

GL COMPANY POLICY INFORMATION 10

NEXT FUNCTION: 10 AC General Company Policy Edit Rules

==== Closing Account Distributions =====

COMPANY: XX01 GENERAL LEDGER COMPANY XX01

CURRENT FISCAL PERIOD: 12 JUNE
 CURRENT FISCAL YEAR: 2007
 LAST POSTING DATE: 06/07/2006
 ONLINE POSTING DATE: 06/07/2006

=====

YEARS OF HISTORY RETAINED: 17
 DAILY ACTIVITY SEGMENTS: 0

- YEAR END CLOSE -
 ACCOUNT: 390000
 CNTR: 9998

- OPTIONS -
 SEQUENTIAL PROCESS: 0
 AGGREGATES: 0
 DAYS LATE ALERT: 30
 NUMBER PERIODS OPEN: 01
 NUMBER ALLOWED OPEN: 03
 PREVIOUS YEAR OPEN: 0
 ONLINE UPDATE: Y
 ONLINE ALERT: Y
 ONLINE SUMMARY: Y

The *Company Policy Information (010)* screen describes the accounting decisions made for the particular company selected. Statewide policies established by the OSC include the following:

NOTES

General company policy

General company policy defines the number of periods open for processing posted transactions. The following fields represent general company policy:

CURRENT FISCAL PERIOD
CURRENT FISCAL YEAR
LAST POSTING DATE
ONLINE POSTING DATE
YEARS OF HISTORY RETAINED
DAILY ACTIVITY SEGMENTS

Closing account distributions

Closing account distributions are used to close end-of-year revenues and expenditures to the appropriate fund balance account/center. The following fields represent closing account distributions:

ACCOUNT
CENTER

Edit rules

Edit rules define the type and number of characters that are used for each segment of the accounting key. For example, the four-digit company field cannot accept a two-digit number. The following fields represent edit rules:

SEQUENTIAL PROCESS
AGGREGATES
DAYS LATE ALERT
NUMBER PERIODS OPEN
NUMBER ALLOWED OPEN
PREVIOUS YEAR OPEN
ONLINE UPDATE
ONLINE ALERT
ONLINE SUMMARY

Data Elements

Chart of Accounts

The Chart of Accounts is very important to the accurate processing of transactions in NCAS. As a reminder, the Chart of Accounts is the financial code block for NCAS. It is the statewide uniform chart of accounts. It encompasses three main components:\

Company
Account
Center

Account Type Families

NOTES

Within GL and FC, **account families** are used to support GAAP and cash-basis reporting.

- Accounts beginning with 43 and 53 support cash-basis reporting.
- Accounts beginning with 6 and 7 are budgetary accounts.
- Accounts beginning with 83 and 03 support cash-basis accounting and are used to support the procurement process.
- Accounts Payable and Purchasing encumbrances support GAAP and cash-basis accounting.

Accounting Periods

All company/account/centers have 13 accounting periods or “buckets” to deposit GL information.

Effective date

The date on which the transaction posts to the appropriate accounting period. This feature can be controlled by the user.

Posting date

A system-generated date that indicates the date on which the transaction was recorded.

Periods 1-11

July through May

Period 12

June 1 to June 29

Period 13

June 30 (used for accrual basis only)

Period 14

Records life-to-date (LTD) activity grants and capital improvements. While the 14th period is available for all company/account/centers, it is currently only used for LTD activity grants.

NOTES

GL		PERIOD ENDING BALANCES AND ACTIVITY FOR YEAR 2006	16
NEXT FUNCTION: 16		ACTION:	
----- Period 14 -----			
COMPANY: XX01	GENERAL LEDGER/COMPANY XX01		
ACCOUNT: 532840	Postage, Freight & Deliv		
CNTR: 10002000	MIS DIVISION		
LTD BALANCE:	10,741.88		
	ANCE	- PERIOD ACTIVITY -	
PERIOD 1:	0.00	0.00	
PERIOD 2:	0.00	0.00	
PERIOD 3:	0.00	0.00	
PERIOD 4:	0.00	0.00	
PERIOD 5:	0.00	0.00	
PERIOD 6:	10,000.00	10,000.00	
PERIOD 7:	10,022.00	22.00	
PERIOD 8:	10,022.00	0.00	
PERIOD 9:	10,208.00	186.00	
PERIOD 10:	10,218.23	10.23	
PERIOD 11:	10,723.38	505.15	
PERIOD 12:	10,741.88	18.50	
PERIOD 13:	0.00	0.00	

The *Period Ending Balances and Activity (016)* screen displays the period balances and the calculated activity for a specific company/account/center.

Central Master Files

MASTER COMPANY (AAAA)

In order to establish a uniform statewide Chart of Accounts, the OSC and other central management agencies have established a list of valid accounts called the Statewide Master Account List. It is referred to as the Master Company or company AAAA.

When agencies add an account to their company, the system checks the Master Company to determine whether the account exists in company AAAA. Account groups ending with "AA" are not validated against the full 9-digit account number. An account cannot be added to an agency's company unless it is on the Statewide Master Account List.

An agency can add an account to a company if the account is in the Master Company by using the *Add or Change an Account (286)* screen in GL.

An agency must request from the OSC an account that is *not* in the Master Company. Agency personnel must fill out an Agency Account Request Form with a written justification of the need for the account. The OSC will then determine whether the request will be added to the Master Company for every agency's use and notify the requesting agency. Accounts are updated real-time (available for posting immediately after being added).

Limited OSC personnel can make additions to the Statewide Master Account List. Only authorized agency personnel can make additions to their agency's Chart of Accounts. Large volume Chart of Accounts maintenance can be accomplished by a batch process.

- ◆ A complete listing of the statewide Chart of Accounts is available in the **SIG**.

NOTES

COMPANY FUND TABLE

The **Company Fund Table** is used to establish each new fund number once approved by the OSBM. The fund must be recorded by the OSC in the Company Fund Table in order to be used by agencies.

When adding the fund to the Master Company (AAAA), additional information is recorded for each company/fund/fiscal year combination. This information includes:

- Budget code
- GASB number
- Closing account

The OSC maintains the Company Fund Table information on the *Miscellaneous Descriptions (288)* screen in GL.

The information for each company contained in the Company Fund Table can also be referenced in the **C-U-GL-MASTER-TABLE-LIST** report in the GLPUBLIC library in Information Expert (IE).

The rules for adding and validating new companies in the company fund table are the same as they are for adding and validating companies in the Master Company.

Transaction Processing

The two main functions of the GL and FC are the Chart of Accounts maintenance and Batch Processing.

There are three primary screens used to perform the Chart of Accounts maintenance. They are:

- 286** Add or Change an Account
- 287** Add or Change an Account/Cntr
- 288** Miscellaneous Descriptions

NOTES

```

GL                                ADD OR CHANGE AN ACCOUNT                                286

NEXT FUNCTION: _____ ACTION: _____
ENTER CHANGES FOR THIS ACCOUNT

=====
OPTION      COMPANY      ACCOUNT ID      CLASS CODE      GROUP CODE
C           XX01         532840          5              2

ACCOUNT DESCRIPTION      NON-FINANCIAL      NORMAL SIGN      REQUIRED ENTRY
Postage, Freight & Deliv      F                  0                0

OVER AND SHORT      RECONCILE CODE      PROJECTION METHOD      CONTROL ACCOUNT
0                   0                   0                   3250

UPPER TRANS LIMIT      LOWER TRANS LIMIT      AUTHORIZED CASH LIMIT
0.00                   0.00                   0.00

UPPER BALANCE LIMIT      LOWER BALANCE LIMIT      PERCENT CHANGE LIMIT
0.00                   0.00                   0.00

PROCESSING OPTIONS:  A = ADD   C = CHANGE   E = END   R = REPEAT ADD
  
```

The *Add or Change an Account (286)* screen is used to add or change an account. Accounts are added real-time and can be used immediately. The standard statewide description (e.g., class and group codes) defaults from the Statewide Master Account. If the account is not on the Statewide Master Account, the system will not allow the account to be added.

Agencies must remember to add the appropriate account families (e.g., 53XXXX, 73XXXX, 78XXXX, 83XXXX, 03XXXX) for expenditures.

Class Code

The class code of an account controls whether the account will be closed to fund equity at the end of the year or roll forward. Account class codes 1, 2, and 3 will roll forward while all other account classes will be closed to fund equity.

While the account types of some accounts are 0 and 8 (e.g., AP and PO encumbrances 03XXX and 83XXX), the account class is a 2.

Group Code

The group code is a further break-down of the class code that assigns groups within a class code.

NOTES

	Types	Class Code
1	Assets	1
2	Liabilities	2
3	Fund Equity and Other Credits	3
4	Revenues	4
5	Expenditures	5
6	Budget (Revenues)	6
7	Budget (Expenditures)	7
8	Purchase Order Encumbrances	2
9	Reserved for Suspense Accounts	9
0	Accounts Payable Encumbrances	2

```

GL                ADD OR CHANGE AN ACCOUNT/CNTR                287
NEXT FUNCTION:    ACTION:
ENTER CHANGES FOR THIS ACCOUNT CENTER

=====
OPTION            COMPANY      ACCOUNT ID      CNTR ID      STATUS CODE
  C                XX01         532840         10002000         0
=====
ACTIVE DATE      INACTIVE DATE      RECONCILE CODE      PERCENT CHANGE LIMIT
00/00/0000      99/99/9999         0                   0.00
=====
REQUIRED ENTRY  OVER AND SHORT      UPPER TRANS LIMIT      LOWER TRANS LIMIT
  0                0                   0.00                   0.00
=====
AUTHORIZED CASH LIMIT      UPPER BALANCE LIMIT      LOWER BALANCE LIMIT
  0.00                   0.00                   0.00
=====
REPORT LEVEL 1              REPORT LEVEL 2              REPORT LEVEL 3
=====
PROCESSING OPTIONS:  A = ADD    C = CHANGE    E = END    R = REPEAT ADD
  
```

The *Add or Change an Account/Cntr (287)* screen is used to add or change an account/center combination. Account/centers are added real-time and can be used immediately.

Agencies must remember to add the appropriate account/center families for revenues (e.g., 43XXXX, 63XXXX, 68XXXX) and expenditures (e.g., 53XXXX, 73XXXX, 78XXXX, 83XXXX, and 03XXXX).

In a financial system, accounts and account/center combinations are not deleted because there might have been financial activity against the accounting distribution. The NCAS provides a means of activating and inactivating accounting distributions through the ACTIVE and INACTIVE DATE fields.

NOTES

ACTIVE DATE - because this field is set at 00 00 00, this particular accounting distribution is currently active.

INACTIVE DATE - because this field is set at 99 99 99, this particular accounting distribution will be inactive on that date.

```
GL                               MISCELLANEOUS DESCRIPTIONS                               288
NEXT FUNCTION: _____ ACTION: _____
PLEASE ENTER CHANGES
=====
OPTION:                            A
COMPANY:                            XX01
DESCRIPTION ID:                       10004500
TYPE:                                C
DESCRIPTION:                          STATE AID TO OXFORD ORPHANAGE
=====
PROCESSING OPTIONS:  A = ADD  C = CHANGE  D = DELETE
```

The *Miscellaneous Descriptions (288)* screen allows online updates to the center description records. Descriptions are maintained real-time and are available real-time. The descriptions maintained on the *Miscellaneous Descriptions (288)* screen include:

- Company
- Center
- Fund
- Budget code
- Responsibility Cost Center (RCC)
- Federal Reimbursement Code (FRC)
- Funding source
- CFDA

Batch Processing

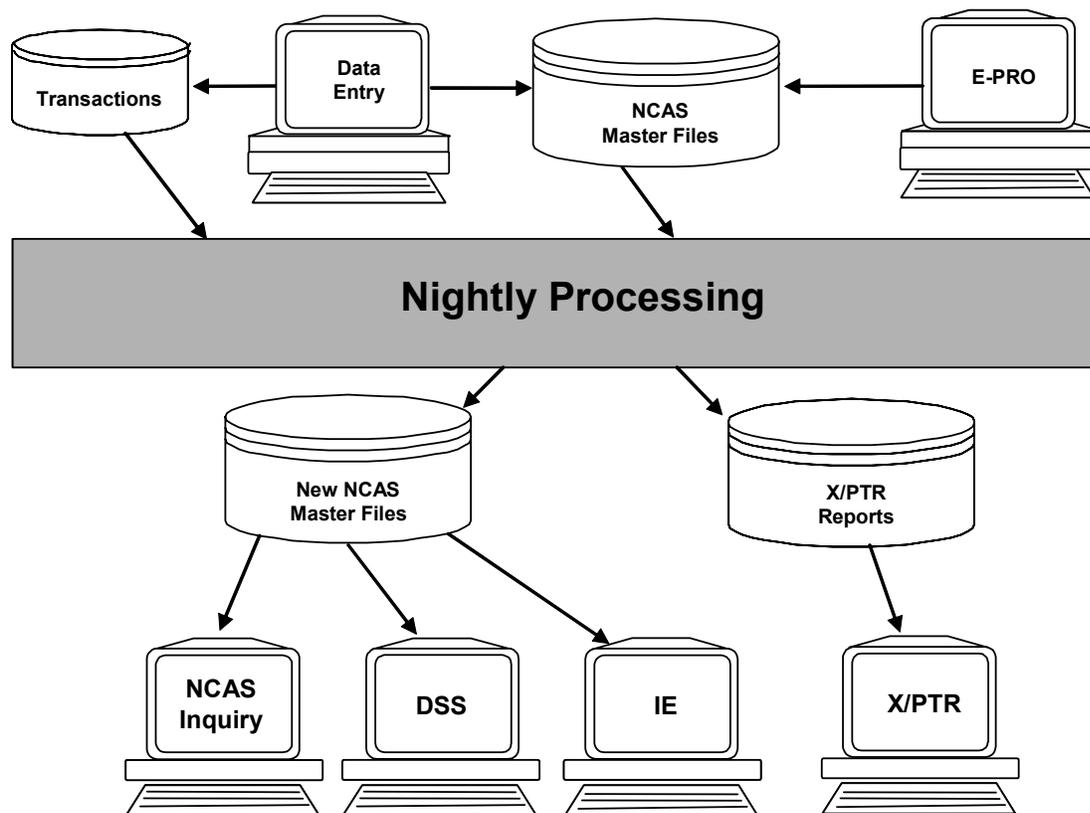
NCAS uses information from many sources to transact the state's business. Certain NCAS data elements are centrally maintained by the OSC to ensure uniformity. For example, account numbers are validated against the general ledger master chart of accounts. Purchase orders refer to vendors found in the statewide trade vendor file and purchased items are found in the statewide item files. These checks make the NCAS data consistent and statewide reporting uniform.

NOTES

In addition, improved efficiency and internal control result from bringing data forward from related transactions. For example, information entered on purchase requisitions is carried forward to the purchase order, which in turn provides information necessary to record the receipt of goods. Purchase orders, receipts, and vendor invoices taken together provide the basis for payment to the vendor. All this cross-checking is made possible by the work performed in the NCAS production process. The NCAS production process runs overnight each Monday through Friday.

During the production process, the system completes any processes that were requested by an end user during the day. The production process also includes many standard processes that execute nightly, such as interfaces from other systems and check production runs. At the end of the production process, NCAS files reflect the nightly activity and can be used in the generation of IE reports.

The following diagram illustrates the relationship between daily data entry (input), nightly processing and NCAS reporting (output).



Batch processing occurs daily between 7 p.m. and 6 a.m. Although each region (P and 23) is processed separately, the system ensures that state-wide master files mirror one another at the end of the day. The Decision Support System (DSS) report data is extracted as each region finishes processing.

NOTES

Transactions from all other modules integrated with General Ledger and Financial Controller are posted to the GL during nightly posting. Interface posting is also performed during nightly processing.

Batch Interfaces

There are three types of interfaces that are included in the nightly production run. They are:

- Source code IDs
- Statewide interfaces
 - Budget Revision System (BRS)
 - Budget Preparation System (BPS)
 - Payroll
 - Health Benefits
- Agency interfaces

SOURCE CODE

A **source code ID** is a two-digit code that identifies the originating system. For example:

- PI = Payroll Interface
- BR = Budget Revision System

Each interface is assigned a unique **source code ID** that allows you to identify transactions. The combination of the source ID and the application ID uniquely identifies each interface. The OSC assigns IDs for all NCAS interfaces. A source code ID is assigned to each transaction to specify the originating system or sub-system.

◆ See the **SIG** for additional information regarding **source code IDs**.

BUDGET REVISION SYSTEM (BRS)

The source code ID for the Budget Revision System is BR. It is a nightly interface that posts BC documents. Budget revisions are loaded from BRS to the NCAS.

To pass approved budget revisions to the NCAS, budget officers must perform a Function 19. Function 19 accesses a submenu that allows budget revisions to be formatted to the NCAS.

Reports are available to verify BRS processing. They include the following E/PTR reports (report series BC305-1 BRS to BC):

- The **BC Document Detail** report lists totals by accounting rules and document types.
- The **Revisions to the Authorized Budget** report lists transfers that were made to the authorized budget.
- The **Revisions to the Certified Budget** report lists transfers that were made to the certified budget.

NOTES

- The **Interface Invalid Accounting Distributions Posted to User Suspense Account** report identifies all Budget Revision System (BRS) transactions that did not post to the NCAS because no valid account/center combination existed in the NCAS financial system.

◆ *A sample of these reports is available on the **SIG**.*

The OSBM maintains the BRS.

BUDGET PREPARATION SYSTEM (BPS)

The source code ID for the Budget Preparation System is BP. The Annual Financial Controller interfaces are initiated by the BPS. An agency's certified budget is loaded from BPS to the NCAS. Agencies must request that the OSBM and the OSC load their budgets.

Reports are available to verify BPS processing. (it is a Financial Controller interface.)

- The **Batch Proof List** (FICS 11500) is a daily production report that lists in detail the transactions posted to the GL, with information and error messages where appropriate. This is the primary report agencies use to confirm the entries posted to the GL and to identify error transactions. The Batch Proof List is located in X/PTR group GL820-1.

◆ *Samples of these reports are available on the **SIG**.*

The OSBM maintains the BPS.

PAYROLL

The source code ID for Payroll is PI. The OSC receives a tape from Central Payroll for each payroll run. The tape includes regular salaries and wages, Social Security contributions and regular retirement. The payroll register is distributed and can be used to determine the amount due. The offset amount of payroll is sent to Central Payroll clearing account 211240.

Error correction is handled through the suspense account for payroll, 531999. Funds are not encumbered until the interface is loaded.

- ◆ *For additional information regarding the Statewide Payroll interface, see the **Agency System Management** course. Selected content from this course is also available on the **SIG**.*

HEALTH BENEFITS

The source code ID for Health Benefits is BI. The OSC receives and posts a monthly tape from Central Payroll. The monthly tape includes the employer's portion of the medical insurance contribution. The payroll register is distributed and can be used to determine the amount due. The offset amount is sent to the applicable Health Benefits Clearing subaccount - 2119304XX.

NOTES

Error correction is handled through the suspense account for health benefits, 531998.

- ◆ *For additional information regarding the statewide Health Benefits interface, see the **Agency System Management** course. Selected content from this course is also available on the **SIG**.*

AGENCY INTERFACES

Agency interface transactions (DOT, Housing Finance, UNC-Hospital) go directly to the Suspended Batch Master (SBM). University batches are rejected. They do not post to a suspense account or to the SBM.

These interfaces include data on:

- Purchasing
- Inventory
- Accounts Receivable
- Financial Interfaces
- Vendor Adds
- Batch Invoice Adds
- Check Reconciliation

System Balancing

System balancing ensures that the system is in balance. The OSC performs daily NCAS balancing to confirm that transactions have correctly posted to the General Ledger. For example, accounting rules for a particular transaction may have been incorrectly applied, resulting in an unbalanced entry.

The OSC also verifies that inputs to the system are correctly posted to the GL. For example, if the batch effective date is to a prior period and the transaction indicator is not a closed period, the transaction will post to the SBM.

The OSC personnel perform the following steps:

1. Check to see that the system is in balance.
2. Reconcile the Suspended Batch Master (SBM).
 - Identify batches that posted to the SBM.
 - Identify batches that were released or purged from the SBM.
3. Check closed period adjustments (CPAs).

Exception Processing

Error messages on the **Batch Proof List**, the primary GL transaction report, identify the cause of an error. These messages indicate the following situations:

The transaction was posted to a suspense account in the General Ledger,
or

NOTES

The entire batch was suspended in the Suspended Batch Master file.

General Ledger statewide company policy dictates that invalid accounting distributions post to suspense accounts rather than to the Suspended Batch Master.

Errors Held in Suspense Accounts

Because the General Ledger is designed to *ALWAYS* be in balance, the system contains a **suspense account** for each company which is used to post transactions that contain an error.

Why do they occur?

The transaction tried to post to an invalid or inactive account/center combination. Special interface suspense accounts help to separate the errors generated from statewide interfaces. Interfaces include:

- Payroll - 531999
- Health Benefits - 531998

The transaction was not correctly posted to the General Ledger.

Who resolves?

Agency fiscal personnel are responsible for clearing transactions in the suspense account. Agencies must resolve all suspense account balances before certifying their BD701s.

How are they resolved?

If the error occurred because the accounting distribution on the entry was *invalid/inactive* on the GL, the accounting distribution must be added on the agency's Chart of Accounts prior to journalizing a correcting entry.

If the error occurred because an accounting distribution was *incorrect*, a correct entry must be recorded in the BC module to reflect the correct accounting distribution. The transaction will use an accounting rule that will generate an offset amount to clear the suspense account center.

Agency fiscal personnel can clear transactions in suspense accounts by entering them as data type 1 transactions into the BC module. A data type 1 transaction is a one-sided entry that uses an accounting rule to generate the offset amount that clears the suspense balance.

Every agency using the NCAS is required to use BC document ID numbers for documents processed by the Budgetary Control module. By developing a numbering and coding scheme in advance, agencies can more fully utilize the tracking and reporting functionality of the NCAS.

- ◆ *Document ID information can be found in the **Agency System Management** and **Budget Management** courses. Selected course content is also available on the **SIG**.*

NOTES

Errors Held in Suspended Batch Master

The **Suspended Batch Master** (SBM) is a file in the NCAS that holds error batches until they are resolved and the suspended batch is released. The batch-processing conditions/types indicate the reason the batch was posted to the SBM:

- ERR: error batch
- FUT: future-dated batch

The key difference between suspense accounts and the SBM is that the suspense account entry has actually been posted to the GL, while SBM transactions are stopped before they post. Transactions can be corrected and released to post to the GL. Therefore, it is easier to make corrections to the SBM than to suspense accounts.

Why do they occur?

A transaction contained an effective date related to a prior closed or future period without being adequately identified,

and/or

A transaction contained an invalid/inactive accounting distribution.

Who resolves?

Agency fiscal personnel are responsible for resolving transactions in the Suspended Batch Master file.

How are they resolved?

Error transactions can be cleared online from the SBM by performing one of the following steps:

- Correct a detail line within the batch
- Add a transaction to the batch
- Release the batch
- Correct the batch header and release the batch for processing
- Delete the entire batch and repost the entire batch with corrected errors.

Future-dated transactions will automatically be released and posted to the General Ledger when the future date equals the system date. Agencies must resolve all current period Suspended Batch Master transactions before certifying their **BD701s**.

NOTES

```

GL                SUSPENDED BATCH MASTER PROCESSING                270

NEXT FUNCTION:    _____ ACTION:    _____

=====

SBM INFO=        SBM CO ID        SBM POSTING DATE        SBM BATCH NBR        SBM ITEM NBR

                (BATCH CORRECTIONS)
                271.  CHANGE BATCH HEADER
                272.  ADD, CHANGE, OR DELETE AN ENTRY
                273.  MASS CHANGE TO BATCH

                (BATCH ACTIONS)
                274.  DELETE, ACTIVATE, OR RELEASE A BATCH

                (BATCH REVIEW)
                275.  LIST BATCH HEADERS
                276.  LIST ENTRIES
                277.  LIST ERROR ENTRIES
  
```

The *Suspended Batch Master Processing (270)* screen is used to display the SBM main menu.

```

GL                S B M -- LIST BATCH HEADERS                275

NEXT FUNCTION:    _____ ACTION:    _____

*** END OF LIST ***

===== PAGE 1
VIEW SBM CO ID = XX01

*** SEL = SELECT OPTIONS ***
L = LIST ENTRIES  E = LIST ERR ENTRIES  R = RELEASE BATCH  D = DELETE BATCH
C = CHANGE HDR    P = PRINT AND DELETE BATCH  A = ACTIVATE

* * * * * B A T C H   H E A D E R   I N F O R M A T I O N   * * * * *
SEL  BATCH   DATA COMPANY APPL BATCH   BATCH   EFFECTIVE   POSTING
COND/TYPE TYPE   AREA   NBR   TOTAL   DATE   DATE
-   ERR     2   XX01   SP   01   0.00   03/31/2005  06/01/2005
-   ERR     2   XX01   SP   01   0.00   03/15/2005  06/01/2005
-   ERR     2   XX01           01   10678520.00  07/01/2006  10/11/2006
  
```

The *SBM--List Batch Headers (275)* screen lists all error batches on the SBM as well as released batches or batches that have been deleted that day. Choose **C** to see the header information or **L** to see the line information.

NOTES

```

GL                               S B M -- CHANGE BATCH HEADER                               271

NEXT FUNCTION: _____ ACTION: _____
TO UPDATE THE BATCH HEADER, CHANGE THE DESIRED FIELD BELOW AND PRESS ENTER
=====
                                SBM CO ID          SBM POSTING DATE          SBM BATCH NBR
                                XX01                06/01/2005                0002

* * * * * B A T C H   H E A D E R   I N F O R M A T I O N * * * * *

BATCH TOTAL          COMPANY  APPL AREA   BATCH NBR   DATA TYPE   CLOSE PER ADJ
      0.00          XX01      SP           01           2             0

EFFECTIVE DATE      SOURCE GENERATOR CODE      PROJECT CO   REVERSING EFF DATE
      03/15/2005                0                RECUR CODE   RECUR PURGE DATE

USER SUSP  ACCOUNT          USER SUSP  CNTR          RECUR CODE   RECUR PURGE DATE

* * * * * B A T C H   H E A D E R   E R R O R S * * * * *

168
  
```

The *SBM--Change Batch Header (271)* screen displays the existing information for this specific SBM company ID/ posting date/ batch number combination in order to verify and make changes to the batch header.

```

GL                               S B M -- LIST ENTRIES                               276

NEXT FUNCTION: _____ ACTION: _____
*** END OF LIST ***
=====
                                STARTING ITEM          SBM ITEM NBR          SBM BATCH NBR          SBM CO ID          SBM POSTING DATE
                                NBR IN BATCH:          000001                0002                XX01                06/01/2005

SEL = SELECT OPTIONS:          D = DELETE ENTRY          C = CHANGE ENTRY
                                **DEBIT**                **CREDIT**

HDR TOT          0.00          SBM TOTALS          465.80          465.80
* * * * * B A T C H   E N T R I E S   I N F O R M A T I O N * * * * *
SEL ST DR/          ACCOUNT          CNTR          EFFECTIVE          SOURCE          AMOUNT
   CR          DATE          CODE

-   E 10 533190          10002000          03/15/2005          232.90
-   E 10 533190          10002000          03/15/2005          232.90
-   64 99999999899          99999999998          03/15/2005          465.80
  
```

The *SBM -- List Entries (276)* screen lists all the detail entries of a specific batch on the SBM.

Information Access

There are many ways to access information in the General Ledger and Financial Controller. They are:

- Audit and Traceback
- Audit Trail Policy Definition
- Balance Inquiry

- Accounting Rule Inquiry
- Online Help
- Reports
- Decision Support System (DSS)

NOTES

Audit and Traceback

One of the online inquiry methods is audit and traceback. Audit and traceback of documents is available by “drilling down” for information. Through a series of screens in the GL and FC, transactions can be traced to their original source documents.

The screens involved in this process are:

- *Posted Entry Query (220)* screen
- *Posted Entry Query (222)* screen
- *Financial Controller Summary Detail Listing (131)* screen
- *Financial Controller Audit Inquiry (130)* screen

```
GL                                POSTED ENTRY QUERY                                220
NEXT FUNCTION: _____ ACTION: _____
=====
PLEASE ENTER Y AFTER DISPLAY TYPE  SHORT ENTRY: _  FULL ENTRY: _
PLEASE ENTER COMPANY: XX01
PLEASE ENTER AT LEAST ONE OF THE FOLLOWING
ACCOUNT: 532840
CNTR: 10002000
SOURCE CODE: _____
THE FOLLOWING ARE OPTIONAL
EFFECTIVE DATE: _____ FROM 05/01/2005 THROUGH 05/31/2005
POSTING DATE: _____
ENTRY AMOUNT: _____
NOTE: TO SELECT A SPECIFIC DATE OR AMOUNT COMPLETE THE 'FROM' FIELD ONLY
```

The *Posted Entry Query (220)* screen allows you to select the criteria for the posted journal entries for your company. Criteria include:

- COMPANY (required)
- ACCOUNT
- CENTER (at least 1 required)
- SOURCE CODE
- FROM/TO EFFECTIVE DATE
- FROM/TO POSTING DATE (optional)
- FROM/TO ENTRY AMOUNT

NOTES

```

GL                                POSTED ENTRY QUERY                                222

NEXT FUNCTION: _____ ACTION: _____
NO MORE TRANSACTIONS FOR THIS SELECTION
=====
PAGE F/B: _____ PAGE NO: 1
COMPANY: XX01
DISPLAY ACCOUNT CNTR EFF SOURCE TRANSACTION
FULL _____ DATE _____ CODE _____ AMOUNT _____
( 532840 _____ 10002000 05/06/2005 *KEH001133 10,000.00 )

ACCUM TOTALS DR: 10,000.00 CR: 0.00
  
```

The *Posted Entry Query (222)* screen displays the journal voucher entries based upon your selection from the 220 screen. Type **F** in the DISPLAY FULL column beside the \$10,000 transaction and press **Enter** to see the header detail on the *Financial Controller Summary Detail Listing (131)* screen.

```

FC                                FINANCIAL CONTROLLER SUMMARY DETAIL LISTING                                131
FC2811: INQUIRY COMPLETED
NEXT FUNCTION: _____ ACTION: _____
=====
FC AUDIT ID: KEH 1133 NBR OF DETAILS: LIST IS AT:
COMPANY: XX01 EFFECTIVE DATE: 05/06/2005 SOURCE SYSTEM: AP
ACCOUNT: 532840 AMOUNT: 10,000.00 EXTRACT DTE: 05/08/2005
CENTER: 10002000 DR/CR: DR
SELECT ( _____ )
SOURCE CODE DESCRIPTION 1 )
_ 0506950001 10,000.00 DR
  
```

The *Financial Controller Summary Detail Listing (131)* screen is used to list the audit details that make up the GL summary record. If the audit ID entered references a GL detail, no list will be presented. If you want to see the full detailed entry, type **S** in the SELECT column and press **Enter**.

NOTES

```

FC                FINANCIAL CONTROLLER AUDIT INQUIRY                130
FC2810: REQUESTED RECORD DISPLAYED
NEXT FUNCTION: _____ ACTION: _____

=====

FC AUDIT ID:      KEH 1133

COMPANY: XX01
DR/CR:  10  ACCT: 532840          CNTR: 10002000
TXN CD:  PT  AMT:          10,000.00

DESC 1:          2: 01100000023    3: USOFFICEPR

INPUT SOURCE:    0506950001        EFFECTIVE DATE:    05/06/2005
PROJ COMP/CODE:          OD        EXTRACT DATE:     05/08/2005
TXN TYPE:        GL DETAIL        TXN STATUS:       EXTRACTED

PAYING ENTITY:   XXPT              VENDOR NUMBER:    560746125A
INVOICE DATE:   04/01/2005        INVOICE NUMBER:   AA-1423
PAYMENT NUMBER: 001              LINE NUMBER:      0001
PARTIAL PAYMENT NO: 000

APPLICATION AREA: AP  CONTROL NUMBER: 04  CONTROL TOTAL:    10,000.00
  
```

The *Financial Controller Audit Inquiry (130)* screen is used to display records on the audit file. GL detail and GL summary records can be accessed by entering the FC audit ID of the record.

The description information contained on the *130* screen is defined by policy established on the *Buying Entity General Ledger Options (BGO)* screen. This policy defines where certain key data will be placed in the Financial Controller.

The following table defines the description fields for Purchasing, Inventory and AP transactions.

Field Name	Purchase Orders (BGO)	Inventory Transactions	AP Transactions (GL)
DESC 1	Displays the catalog number/ item number	Displays the item and order number or reference number	Displays the buying entity, PO number, and item number
DESC 2	Displays the buyer ID	Displays the warehouse	Displays the payment reference number
DESC 3	Displays the vendor short name	Displays the activity type	Displays the vendor short name

Audit Trail Policy Definition

In addition to audit and traceback screens, there are several policy screens. The consistent application of audit and traceback information from NCAS modules is controlled by policy screens. Policy screens ensure that policies are uniformly established and cannot be overridden by agencies.

Policy screens within the Purchasing, Accounts Payable, and Inventory modules define the information that will be passed to the General Ledger and Financial Controller from these modules. These policy screens are:

NOTES

- Purchasing - *Buying Entity General Ledger Options (BGO)* screen
- Accounts Payable - *General Ledger Interface Options (GLI)* screen
- Inventory - *Inventory Policy Update (IPU)* screen

```

OCP                BUYING ENTITY GENERAL LEDGER OPTIONS                BGO
NEXT FUNCTION: _____ ACTION: _____                09/21/2006  14:48:27
REQUEST: _____
=====
BUYING ENTITY : XXBG

                                REQUISITIONS                PURCHASE ORDERS

DISTR REQUIRED CO/ACCT/CNTR:      Y Y Y                Y Y Y
DISTRIBUTION VALIDATION :      Y                Y

SUMMARIZE ENTRIES ----- N ----- N
DESCRIPTION 1 :                2                2
DESCRIPTION 2 :                2                2
DESCRIPTION 3 :                1                4
STATISTICAL AMOUNT :          N                N

COMMIT FUNDS :                Y
  
```

The *Buying Entity General Ledger Options (BGO)* screen, from the Purchasing module, is used to establish controls for editing and validating GL information and formatting posting transactions for purchasing transactions. These options are defined by the OSC and are standard for all agencies throughout the NCAS.

The following table lists the standard values for several fields on the *BGO* screen.

FIELD NAME	DEFAULT VALUES	
	Requisition	Purchase Orders
DESCRIPTION 1	2 (catalog number/item number)	2 (catalog number/item number)
DESCRIPTION 2	2 (requisition number)	2 (buyer ID)
DESCRIPTION 3	4 (buying entity/requisition line number)	4 (vendor short name)

* Note that the default values established for requisitions are not currently used since requisition transactions do not post to the General Ledger.

NOTES

```

OCP                                GENERAL LEDGER INTERFACE OPTIONS                                GLI
NEXT FUNCTION: _____ ACTION: _____                                09/21/2006 15:27:11
REQUEST: _____
=====
PAY ENTITY: XXPT
                                --- OPTIONS ---
GL EXPENSE SUMMARY  --- N ---                                INTERCOMPANY OPTION  --- 3 ---
DESCRIPTION 1      : 3 ---                                DESCRIPTION 2        : 8 ---
DESCRIPTION 3      : 3 ---                                SOURCE CODE          : 2 ---
STATISTICAL AMOUNT : N ---                                CANCELLED ACCRUALS  : N ---
PROJECT OPTION     : N ---                                MCA CSH/PAY OVERRIDE : C ---

                                --- DEFAULTS ---
PAYABLES           : 001                                BANK ACCT PYMT CODE : 06D
INTERCOMPANY RECEIVABLES: 001                            INTERCOMPANY PAYABLES : 001
EXPENSE            : 001                                DISCOUNT            : 001
FREIGHT           : 001                                SALES TAX/VAT        : 001
SALES TAX 2       : 001                                SALES TAX 3          : 001
ADDITIONAL COST   : 001                                1099 WITHHOLDING    : 001
VARIANCE          : _____                            EMPLOYEE ADVANCES    : _____
SPECIAL DEBIT    : _____                            SPECIAL CREDIT       : _____
PROJECT COMPANY   : _____
  
```

The *General Ledger Interface Options (GLI)* screen, from the Accounts Payable module, provides accounting options that the system uses when updating and extracting distribution information to the General Ledger.

The following table lists the standard values for several fields on the *GLI* screen. These options are defined by the OSC and are standard for all agencies throughout the NCAS.

FIELD NAME	DEFAULT	DESCRIPTION
DESCRIPTION 1	3	Indicates what information is contained on the first line of the General Ledger description: 3 = buying entity, PO number, item number.
DESCRIPTION 2	8	Specifies what information is contained on the second line of the General Ledger description: 8 = payment reference number.
DESCRIPTION 3	3	Specifies what information is contained on the third line of the General Ledger description: 3 = vendor short name (first 10 positions.)
SOURCE CODE	2	Indicates where an entry originated; it may be used to audit a transaction: 2 = control date, control number.

NOTES

```

UPDATE                INVENTORY POLICY UPDATE                IN.SAIPU
NEXT FUNCTION IPU    REQUEST _____ ACTION: _____ 09/21/2006 15:41:41
INQUIRY ACCOMPLISHED
END OF INQUIRY                PROCEED WITH ACTIVITY
KEYS: _____

-----
Organization Name      STATE OF NORTH CAROLINA INVENTORY SYSTEM

Purchasing Active Indicator  3      Buying Entity                11BG
Catalog Number             STCK      Ship To Code
Demand Controller Active Ind  N      Demand Controller Major Code
Financial Controller Act Ind  1      Financial Controller Summ Ind  Y

Automatic Pick List Print   N
Automatic Shipment Option  N      Automatic Put Away          N
Document Number Add        N      Purge Limit                  30
Lot Tracing Indicator      N      Adjust Code Cycle Count     TRNGRP
Date Format Code            U      Default Printer Id          AP32
  
```

The *Inventory Policy Update (IPU)* screen is used to update policy options for the system. The following fields list the standard values for inventory integration to the General Ledger through Financial Controller.

FIELD NAME	DEFAULT	DESCRIPTION
FINANCIAL CONTROLLER ACT IND	1	Indicates the Financial Controller module is in place.
FINANCIAL CONTROLLER SUMM IND	Y	Indicates that summarized transaction information will be sent to the GL.

Balance Inquiry

In addition to audit and traceback, you can also use the system to inquire on specific account balances.

```

GL                PERIOD ENDING BALANCES AND ACTIVITY FOR YEAR 1995                16
NEXT FUNCTION: 16                ACTION: _____

=====
COMPANY: XX01                GENERAL LEDGER COMPANY 2301
ACCOUNT: 532840                Postage, Freight & Deliv
CNTR: 10002000                MIS DIVISION
LTD BALANCE: 105,698,524.00
- ENDING BALANCE -                - PERIOD ACTIVITY -
PERIOD 1: 480,368.00                480,368.00
PERIOD 2: 587,904.00                107,536.00
PERIOD 3: 587,904.00                0.00
PERIOD 4: 587,904.00                0.00
PERIOD 5: 1,055,920.00                468,016.00
PERIOD 6: 1,074,912.00                18,992.00
PERIOD 7: 1,074,912.00                0.00
PERIOD 8: 1,119,064.00                44,152.00
PERIOD 9: 1,119,064.00                0.00
PERIOD 10: 1,119,064.00                0.00
PERIOD 11: 1,129,064.00                10,000.00
PERIOD 12: 1,129,064.00                0.00
PERIOD 13: 0.00                0.00
  
```

NOTES

The *Period Ending Balances Activity For Year (016)* screen allows you to look at the period balances and the calculated activity for an accounting distribution (company/account/center).

Summary center displays the total amount of all centers for a particular company/account combination. Summary center information is retrieved by entering center 999999999999.

- ◆ See the **Agency System Management** course for additional information regarding how to perform inquiries. Selected content from this course is also available on the **SIG**.

Accounting Rule Inquiry

The 220 screen is not only used to establish accounting rules; it can also be used to inquire upon accounting rules.

```

C                               FINANCIAL CONTROLLER ACCOUNTING RULE                220
FC2805: PRESS 'ENTER' TO CONTINUE, OR USE 'Q' TRANS TO QUIT
NEXT FUNCTION: _____ ACTION: _____

=====

COMPANY: 9999 SOURCE SYSTEM: PS ACCOUNTING RULE: 02 SEQUENCE: 1

TRANS CODE: A

KEEP ORIGINAL TRANSACTION: N
DESCRIPTION: PS RESERVED RULE - ENCUMBRANCE

TRANSACTION INFORMATION:

COMPANY: _____ REVERSE DR/CR: N
ACCOUNT: 8 INTERCOMPANY FROM/TO: __ __
CENTER: _____
DESCRIPTION 1: _____
SUMMARIZE BY: COMP/ACCT/CNTR Y SOURCE DOCUMENT ID _ LINE NUMBER _

LAST UPDATE ==> OPERATOR: 0000XX TERMINAL: $001 DATE: 09/21/2006
  
```

The *Financial Controller Accounting Rule (220)* screen is used to add, change, delete and inquire against FC accounting rules. The following fields are required:

- COMPANY
- SOURCE SYSTEM
- TRANS CODE

The following fields may be used to further narrow the search. If you do not enter data in these fields, you will scroll through all the accounting rules and sequences for this subsystem.

- ACCOUNTING RULE
- SEQUENCE

Online Help

Another method of information access is to use the online Help feature.

NOTES

In order to access the Help facility for the current screen, perform the following steps:

```

GL                                ADD OR CHANGE AN ACCOUNT                                286

NEXT FUNCTION: _____ ACTION: ?
PLEASE ENTER THE KEY FOR THE NEXT ACCOUNT

=====
OPTION      COMPANY      ACCOUNT ID      CLASS CODE      GROUP CODE
C           XX01           532840         5                2

ACCOUNT DESCRIPTION      NON-FINANCIAL      NORMAL SIGN      REQUIRED ENTRY
Postage, Freight & Deliv_      F                0                0

OVER AND SHORT      RECONCILE CODE      PROJECTION METHOD      CONTROL ACCOUNT
0                   0                   0                   3250

UPPER TRANS LIMIT      LOWER TRANS LIMIT      AUTHORIZED CASH LIMIT
0.00                  0.00                  0.00

UPPER BALANCE LIMIT      LOWER BALANCE LIMIT      PERCENT CHANGE LIMIT
0.00                  0.00                  0.00

PROCESSING OPTIONS:  A = ADD   C = CHANGE   E = END   R = REPEAT ADD
  
```

1. Type **HELP** or? in the ACTION field and press **Enter** to access the Help text for the screen.

 Note that typing? in the ACTION field does not access the Help function in the Inventory or Budgetary Control modules.

```

SYSTEM 03  SCREEN 286  PAGE 001

286 - ADD OR CHANGE AN ACCOUNT - 286

THE ADD OR CHANGE AN ACCOUNT SCREEN IS USED TO ADD OR CHANGE
AN ACCOUNT.

FOR FURTHER INFORMATION ON THIS SCREEN, PLEASE SELECT ONE OF THE
FOLLOWING PAGES:

                                PAGE
(-----)
DESCRIPTION OF INPUT FIELDS      100
CONSIDERATIONS                   200
ERROR MESSAGES                   300
CUSTOMIZED HELP                   900

ENTER NEXT PAGE NO.  BLANK (NEXT PAGE).  ___ 'END' TO TERMINATE HELP
  
```

2. Type the page number in the ENTER PAGE NO. field and press **Enter** to view a specific page.

NOTES

```
SYSTEM 03  SCREEN 286  PAGE 100
286 - DESCRIPTION OF INPUT FIELDS
      TO ADD OR CHANGE AN ACCOUNT THE FOLLOWING FIELDS ARE REQUIRED:
          OPTION
          COMPANY
          ACCOUNT ID
          * CLASS CODE
          * GROUP CODE
      * THESE FIELDS ARE REQUIRED IF AN ACCOUNT IS BEING ADDED.
      DEPRESS ENTER FOR A DESCRIPTION OF EACH OF THESE FIELDS.
      (-----)
      (ENTER NEXT PAGE NO.  BLANK(NEXT PAGE). 100 'END' TO TERMINATE HELP )
```

3. Type the page number in the ENTER PAGE NO. field and press to view a specific page.
4. Type **END** in the ENTER PAGE NO. field and press to return to the screen.

Reports

There are several daily X/PTR reports that can be used to access online General Ledger and Financial Controller information. They are:

- Batch Proof List
- Transaction Alert
- Center Alert

Batch Proof List

The **Batch Proof List** (FICS 11500) is a daily production report that lists in detail the transactions posted to the GL, with information and error messages where appropriate. This is the primary report agencies use to confirm the entries posted to the GL and to identify error transactions.

The Batch Proof List is located in X/PTR group GL820-1. The company number, application code and batch number of the transaction are listed in the upper left-hand corner of this report.

- ◆ See the **SIG** for additional information regarding the **Batch Proof List**.

The “Comments” column indicates the type of error associated with a particular transaction. Possible error messages that may be found on the Batch Proof List include:

NOTES

- Entries posted to suspense accounts
 - 180 - V MISS ACCT: The account is not valid or active on the current year's Chart of Accounts.
 - 181 - V MISS CTR: The center is not valid or active on the current year's Chart of Accounts.
 - GEN. BAL TXN: A system-generated transaction was posted to the suspense account in the General Ledger to offset an unbalanced batch (usually generated by incorrect accounting rules).
- Entries posted to the SBM file
 - 168 - CLSD PERIOD: The transaction batch header was keyed with an effective date related to a closed prior period.
 - 167 - FUTR DATED: The transaction batch header was keyed with an effective date that precedes the current system date.

Transaction Alert

The **Transaction Alert** (FICS 10362) is a daily production report that lists transactions from batches that have not met the criteria established on the account or account/center record. The criteria for transactions that display on this report are established on the GL *Company Policy Information (010)* screen. The Transaction Alert report is located in X/PTR group GL820-1.

The "Reason for Alert" column provides information about error and/or warning messages.

◆ See the **SIG** for additional information regarding the **Transaction Alert** report.

Possible error messages that may be found on the Transaction Alert report include:

ERROR MESSAGE	DESCRIPTION
TRANS POST CLOSED PER CUR YR	This transaction is posted to a closed period in the current year.
TRANS POST CLOSED PER PREV YR	This transaction is posted to a closed period in the previous year.
TRANS POST PREV YR	This transaction is posted to an open period in the previous year.
TRANS NOT POST CUR PER	This transaction is posted to a current year period other than the current period.
GENERATED SUSP. BAL. TRN.	This transaction is generated by posting to balance the suspense account.
TRANS POSTED TO DUMMY	This transaction is posted to a suspense account/center.

Center Alert

NOTES

The **Center Alert** (FICS 10363) is a daily production report that shows individual account balances that have not met the criteria established on each individual account/center record. The criteria for transactions that display on this report are established on the GL *Company Policy Information (010)* screen. Only information that posts to the suspense center display on this report.

For example, the standard balance for any company's suspense account is 0 (zero). If the account/center contains any amount other than zero, the account/center and its balance will be shown on this report. The Center Alert report is located in X/PTR group GL820-1.

- ◆ See the **SIG** for additional information regarding the **Center Alert** report.

Decision Support System (DSS)

In addition to accessing reports through X/PTR, reports can also be accessed through the Decision Support System (DSS). The DSS is an online information tool that can be used to view NCAS information. The DSS only contains summary level information, not detailed transaction information.

- Reports from Analyzer Reporter
 - **BD701** reports can be viewed on a daily basis without having to wait for hard-copy month-end reports.
 - **Budget Code Recap** - This report lists total expenditures to cash, revenues plus adjustments to cash, and appropriations for agency budget codes.
 - **Summary by Purpose** - This report lists budget codes by expenditures plus adjustments to cash, revenues plus adjustments to cash, and appropriations.
 - **Summary by Account** - This report lists expenditures, revenues, and cash adjustment accounts.
- Views from Analyzer Reporter
 - **GL GASB Control**
The GL GASB Control view allows agencies to analyze current and prior period GL activity with a focus on the detail GASB number.
 - **CAFR**
Reports that support agency and OSC compilation of the CAFR. These reports contain income statement and balance sheet information.

NOTES

- Views from Adobe
 - **BD725 Reports**

This report can be used to view capital projects. This report is updated daily for current and previous periods.
 - **GL Budget Code Control**

This view lists any account balances with activity (assets, liabilities, fund equity, revenues, and expenditures) in all accounts from the General Ledger.
 - **GL Company Control**

This view allows agencies to analyze current and prior period GL activity with a focus on the company number.
 - **AFF Management Control**

This view lists the authorized line item budget, commitments, encumbrances, expenditures, and available balances by fund and cost center from the Available Funds File (AFF).
- ◆ **DSS information is located on the SIG. Additionally, the SIG contains *training* and *registration* information for DSS classes.**

Budgetary Control

Overview

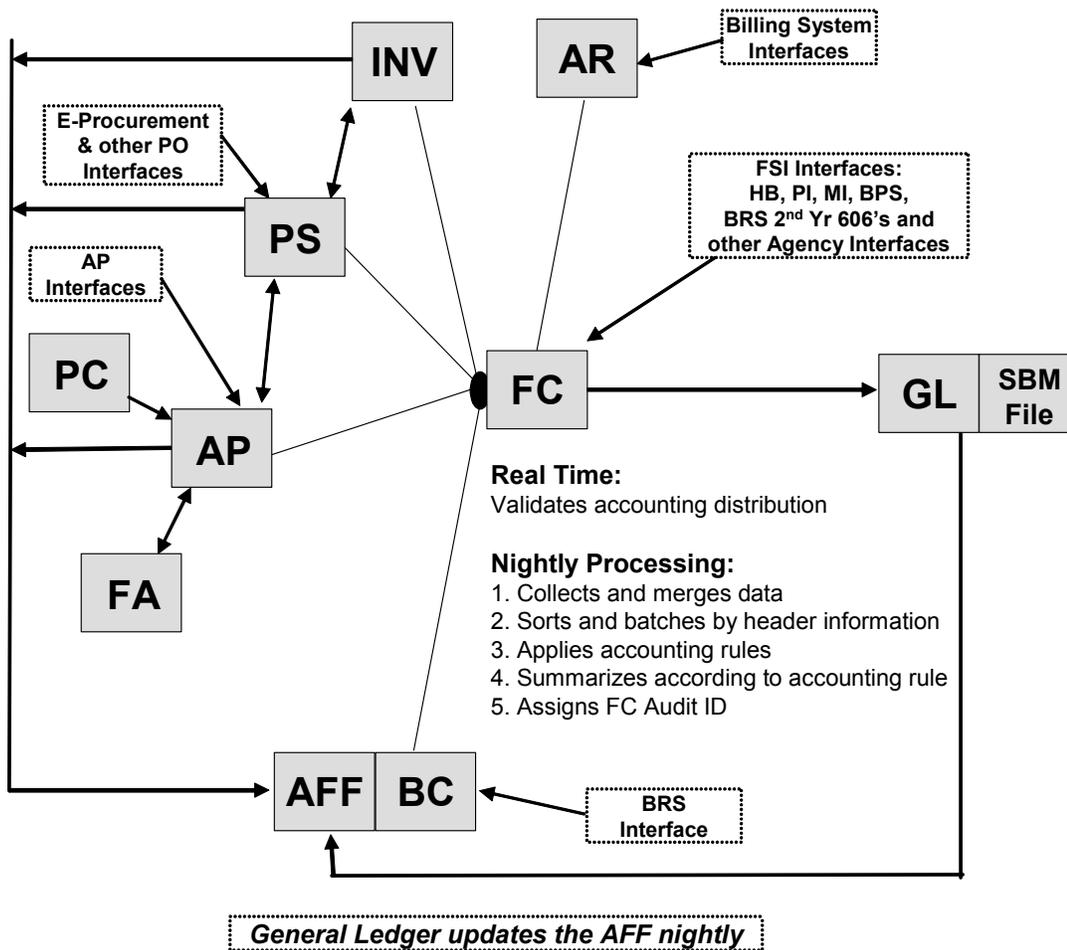
One of the primary differences between government and private industry is the government's requirement to control spending against the budget. The NCAS model supports this business requirement.

Integration with Other Modules

Integration with other modules can be viewed through the NCAS Model and business process flow.

The NCAS Model

Budgetary control is a collective business process within the NCAS. This process is supported by the **Budgetary Control (BC)** module.



NOTES

The BC module is used as the point of entry for many budgetary transactions because entries made in BC automatically update the Available Funds File. Statewide subsystems supported by the BC module include BPS and BRS.

Purchasing, Accounts Payable, and Inventory modules integrate with the Budgetary Control module to provide online AFF checking. All transactions processed through these modules check for available funds before proceeding with either requisitions, purchase orders, invoice transactions or usage order transactions.

Business Process Flow

Establishing the Budget (BPS)

The certified budget is prepared on the Office of State Budget and Management's (OSBM) Budget Preparation System (BPS) and is transferred to the NCAS via an automated interface. Agencies may create their budgets in BPS at the level of detail required for the NCAS.

Maintaining the Budget (BRS & BC)

Agencies can make two types of budget transfers; external and internal.

External budget transfers (types 11 and 12) are processed on Form BD606. Agencies enter BD606s in the Budget Revision System (BRS). An OSBM budget analyst must approve these transfers. Approved transfers are posted to the NCAS through an interface program.

Internal budget transfers (type 14) are also entered in BRS and are interfaced into NCAS on a nightly basis. Agencies can request special permission to enter budget revisions (type 14) directly into the NCAS from the OSBM.

Funds Checking (PS/IN/AP)

The NCAS has the capability to automatically check that all transactions processed through the NCAS have the necessary funds.

Commitments, encumbrances, expenditures and fund availability are updated in real-time and can be viewed on the Available Funds File (AFF).

Resolving Budgetary Exceptions (BC)

Exceptions typically occur when a transaction line item (e.g., PO line, invoice line) exceeds the budget or when an accounting distribution is not included in the AFF. These exceptions have to be resolved by the agency's budget officer before the transaction can be processed.

NOTES

When funds checking is activated, transactions that have budget exceptions are forwarded electronically to the *Budgetary Control Exception Queue (BCQ)*. The agency's budget officer or a designated person is responsible for resolving these exceptions either by transferring funds or by approving the exception.

Processing Journal Entries (BC)

All manual journal entries are entered in the Budgetary Control module rather than in the General Ledger. Recording journal entries in BC affects the AFF real-time. A thorough discussion of journal entry processing will be discussed in the *Specialized Accounting Functions* section.

Processing Unfinished Documents (BC)

Unfinished documents are journal entry transactions. They are either on hold waiting approval or need to be balanced.

Generating Budgetary Reports (GL/FC/BC)

External budget reports such as the BD701 and BD702 must be generated on a monthly basis.

Policies and Procedures

There are two main policies in the Budgetary Control; statewide policies and funds checking.

Statewide Policies

The OSBM establishes budget revision rules based on the authority established by the Executive Budget Act. Transfer rules include the following:

- Can't transfer from/to 1XXX to 2XXX-5XXX objects
- Can't transfer between certified funds

Currently all budget revisions are recorded in BRS and interfaced through the NCAS. DPI performs internal budget revisions without sending them to BRS due to unique business requirements.

There are three budget document types:

- 11 Certified budget
- 12 Authorized budget
- 14 Internal budget transfers

Funds Checking

In accordance with the Executive Budget Act, an agency cannot overspend its certified budget. The system exerts budgetary control through the AFF.

NOTES

Data Elements

There are three types of data elements; chart of account families, document IDs, and range records.

Chart of Account Families

The NCAS has unique accounts to support the two types of budgets:

- Certified Budget: 68XXXX, 78XXXX
- Authorized Budget: 63XXXX, 73XXXX

The NCAS has unique accounts to support the stages of the procurement process that are reflected in the AFF:

- Authorized Budget: 73XXXX
- Expenditures: 53XXXX
- PO Encumbrances: 83XXXX
- AP Encumbrances: 03XXXX

Document IDs

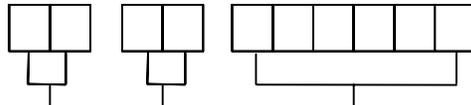
Another data element used to process a budgetary control document is the document ID. The NCAS has incorporated a standard naming convention to assist with tracking and reporting of transactions.

The **document ID** defines a unique document/journal entry. It is comprised of 10 characters. The first two positions of the document ID represent the first two digits of the GL company. The transaction type determines how the transaction will be reported and is used on the BD800 (Cash Reconciliation Report).

The agency-defined characters are used to further distinguish one document ID from another. For example, some agencies use the last initial followed by the last two digits of the current year and three numbers. Document IDs are essential to accurate statewide reporting.

◆ See the **Document ID** section on the **SIG** for additional information.

NOTES



Agency-Defined Characters
(e.g., initial, year, and numbers C95001)

Transaction Types:

1X: Budgetary Entries

- 11 - Certified Budget Entry
- 12 - Authorized Budget Entry
- 13 - Inventory Consumption Budget Entry
- 14 - Internal Budget Entry
- 15 - Life-To-Date Entry (Grants)
- 17 - Quarterly Allotment/Reversion/Revision

2X: Cash Accounting Entries

- 21 - Cash Receipt
- 22 - Cash Requisition
- 23 - Cash Receipts Accrual (used to generate accounts receivable accruals)
- 24 - Cash Disbursement
- 25 - Cash Transfer-In (Electronic deposits)
- 27 - Cash Transfer-Out (Electronic disbursements)

3X: Other Adjusting Entries

- 31 - Correcting/Adjusting Entry
- 32 - Thirteenth Month Reversal
- 33 - Thirteenth Month Accrual (when used with a 6/30 effective date, automatically creates reversing entries for 6/30 of the subsequent year)
- 34 - Thirteenth Month Accrual (not reversed)
- 35 - Beginning Balance
- 37 - Fixed Asset Adjustment
- 38 - Encumbrance/Commitment Adjustment
- 39 - Miscellaneous Agency Adjustment

9X: System Generated Entries

Agency ID

Range Records

Range records define how the system processes NCAS transactions using the AFF. The AFF is built from GL account ranges. The available balances calculated in the AFF are based on current year transactions and are calculated real-time.

Range records establish levels of control that determine the level at which funds are checked. Agencies have the flexibility to define unique funds checking requirements including:

NOTES

- The level at which funds are checked.
 An agency may choose to expense at one accounting level and to budget at a more summarized level. For example, funds may be controlled at the same level as the budget and the expense account. These funds could also be expended at the detail level, budgeted at a higher level, and funds checked at a summary level.

Range records define tolerances for funds checking levels. The tolerances for funds checking level (e.g., percentage at which any individual budget can be overspent).

The OSC and the OSBM jointly establish a policy for funds-checking control levels.

The following are some examples of the levels of control which can be established in the NCAS:

OPTION NAME	DESCRIPTION	EXAMPLE Account / Center
Detailed Account/ Detailed Center	This requires funds to be available at the most detailed accounting distribution before transactions are posted.	532600 / 123456789012
Detailed Account/ Summary Center	This requires funds to be available at the detailed account level and within the summary center distribution before transactions are processed.	532600 / 1234
Summary Center/ Detail Center	This requires funds to be available at the summary account level and within the detailed center distribution before transactions are processed.	532XXX / 123456789012
Summary Account/ Summary Center	This requires funds to be available at the summary account level and within the summary center distribution before transactions are processed.	532XXX / 1234
Account Ranges with Detailed Center	This requires funds to be available within the range of accounts 532000 and 535999 and within the detail center distribution.	532XXX / 535XXXX / 123456789012

Transaction Processing

There are three transactions processed in the Budgetary Control module. They are:

- Establishing the Budget
- Recording Budget Transfers
- Processing Allotment and Allotment Reversion Entries

Establishing the Budget

NOTES

The OSBM establishes two types of budgets:

- The **certified budget** documents the appropriations of the General Assembly. This budget is prepared by OSBM and the agency using the BPS. This budget constitutes the official budget for an agency. Unique accounts are established in the NCAS to record the certified budget:
 - 68XXXX for estimated revenues
 - 78XXXX for budgeted expenditures
- The **authorized budget** is the agency's working budget and reflects adjustments to certified line items, occurring through the normal business process. This budget is reflected on the NCAS Available Funds File (AFF), which keeps real-time information on budget balances. The authorized budget also has a set of unique accounts in the NCAS:
 - 63XXXX for estimated revenues
 - 73XXXX for budgeted expenditures

◆ See the **SIG** for additional information about the **budget process**.

ACCOUNTING RULES

BC/CR Certified Budget Entry - General Fund - Revenues

- Records the certified budgetary revenues
- Use with type 11 document ID
- The offset to the certified budget is account 639100 (State Appropriation)

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43XXXXXXXXXX	1	63XXXXXXXXXX	XXXXXXXXXXXX	No
	2	68XXXXXXXXXX	XXXXXXXXXXXX	No
	3	639100	XXXX	Yes
	4	689100	XXXX	Yes

x = data originally entered

◆ See the **SIG** for additional information about **accounting rules** for the authorized budget.

NOTES

BC/CX Certified Budget Entry - General Fund - Expenditures

- Records the certified budgetary expenditures
- Use with type 11 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53XXXXXXXXXX	1	73XXXXXXXXXX	XXXXXXXXXXXX	No
	2	78XXXXXXXXXX	XXXXXXXXXXXX	No
	3	639100	XXXX	Yes
	4	689100	XXXX	Yes

x = data originally entered

BC/SR Certified Budget Entry - Special Revenue Funds - Revenues

- Records the certified budgets only for special revenue budgets
- Use with type 11 document ID
- Offset to account 6X9200 (Budgeted Fund Balance)

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43XXXXXXXXXX	1	63XXXXXXXXXX	XXXXXXXXXXXX	No
	2	68XXXXXXXXXX	XXXXXXXXXXXX	No
	3	639200	XXXX	Yes
	4	639200	XXXX	Yes

x = data originally entered

BC/SX Certified Budget Entry - Special Revenue Funds - Expenditure

- Records the certified budget for special revenue funds' expenditure
- Use with type 11 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53XXXXXXXXXX	1	73XXXXXXXXXX	XXXXXXXXXXXX	No
	2	78XXXXXXXXXX	XXXXXXXXXXXX	No
	3	639200	XXXX	Yes
	4	639200	XXXX	Yes

x = data originally entered

CONTROLS

NOTES

Controls used in establishing the budget are as follows:

- The budget is processed by the OSBM and the OSC.
The BPS interface creates Financial Controller transactions. When these transactions are posted to the General Ledger, the following reports are generated which list error transactions:
 - The **Batch Proof List** report (FICS 11500) lists in detail the transactions posted to the GL, with information and error messages where appropriate. This is the primary report agencies use to confirm the entries made in GL and to identify error transactions. The Batch Proof List is located in X/PTR group GL820-1.
 - The **Transaction Alert** report (FICS 10362) lists transactions in batches that have not met the criteria established on the account or account/center record. The Transaction Alert report is located in X/PTR group GL820-1.
 - Agencies verify the totals for the budget as an additional control on the accuracy of the information received. Agencies can also verify the totals for individual budget distributions online after the transactions have been posted to the General Ledger (screen 16 in GL and screen 161 in BC.)
- ◆ See the **SIG** for additional information about these **Budgetary Control** reports.

AUDIT TRAIL

Certified budget transactions can be traced back to the original source document in BPS by using the *GL Posted Entry Query (220)* screen. The source system ID on the transaction is BP, which indicates this transaction originated from the OSBM's Budget Preparation System (BPS).

Recording Budget Transfers

The OSBM has issued revised budget procedures to conform with the new uniform Chart of Accounts. After a budget analyst approves the BD606, the agency's budget officer executes a **Function 19** in the BRS. This process transfers data to a file for interfacing to the NCAS on a daily basis. The transaction effective date is the last BRS approval date.

Only DPI has OSBM approval to enter its internal budget transfers (type 14XXXX) directly into the NCAS.

Budget transfer requests (document types 11XXXX, 12XXXX, 14XXXX) are processed on OSBM's Budget Revision System (BRS).

- ◆ See the **SIG** for additional information regarding **budget transfer** requests.

NOTES

ACCOUNTING RULES

When recording budget transfers, the accounting rules applied are based upon the budget entry type:

- Type 11 budget entry
 - CR/CX - General Fund Certified Budget Transfer (Revenue and Expenditure respectively)
 - SR/SX - Special Revenue Certified Budget Transfer (Revenue and Expenditure respectively)
 - 4R - Capital Improvement Revenue Rule
 - 4X - Capital Improvement Expenditure Rule
- Type 12 budget entry
 - FR/FX - Special Revenue Fund Authorized Budget Transfer (Revenue and Expenditure respectively)
 - GR/GX - General Fund Authorized Budget Transfer with increase to State Appropriation (Revenue and Expenditure respectively)
 - AR/AX - General Fund Authorized Budget Transfer (Revenue and Expenditure respectively)
- Type 14 budget entry
 - AR/AX - General Fund Authorized Budget Transfer (Revenue and Expenditure respectively)
 - FR/FX - Special Revenue Fund Authorized Budget Transfer (Revenue and Expenditure respectively)

◆ See the **SIG** for a detailed explanation of these **accounting rules**.

CONTROLS

Controls used in establishing the budget are as follows:

- Budget transfer entries are approved by the OSBM prior to submission into the NCAS.
- The BRS interface is processed by the OSBM and the OSC. The BRS interface creates Budgetary Control transactions.
- Agencies should verify the totals for the budget as an additional control on the accuracy of the information received. Agencies can also verify the totals for individual budget distributions online after the transactions have been posted to the General Ledger (screen 16 in GL and screen 161 in BC.)

◆ See the **SIG** for additional information about these **Budgetary Control reports**.

AUDIT TRAIL

Audit trail information can be found by using the following tools:

- Online inquiry
 - BC
 - AFF
 - Screen 220 in GL
 - Interface reports
- BRS
 - Source documents

NOTES

Processing Allotment and Allotment Reversion Entries for General Fund

General government agencies are allotted portions of their authorized budget on a quarterly basis. An allotment entry is recorded in the NCAS in the Budgetary Control module. At the end of each quarter, any remaining allotment that has not been spent must be reverted.

ACCOUNTING RULES

BC/AL Allotment/Reversion Offset (net allotment)

- Records net allotment
- Uses a 17 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR\
111270	1	111270	XXXXXXXXXXXXXX	No
	2	439100XXXXXX	XXXX	Yes

x = data originally entered

BC/EL Allotment/Reversion Offset (budgeted requirements)

- Records authorized and certified budgetary expenditure entry
- Uses a 17 document ID
- Allotment - 73901X
- Reversion - 73902

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53901X	1	73901XXXXXX	XXXXXXXXXXXXXX	No
	2	78901XXXXXX	XXXXXXXXXXXXXX	Yes

x = data originally entered

BC/RL Allotment/Reversion Offset (estimated revenues)

- Records authorized and certified budgetary revenue entry
- Uses a 17 document ID
- Allotment - 63901X
- Reversion - 63902X

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43901XXXXXX	1	63901XXXXXX	XXXXXXXXXXXXX	No
	2	68901XXXXXX	XXXXXXXXXXXXX	Yes

x = data originally entered

Allotment reversion entries use the same accounting rules with the accounting distributions reversed. The system automatically reverses the accounting rules.

CONTROLS

Security controls access to various screens. End approval is required. Agencies verify the entries. The transaction information must display correctly on the BD702 report. This is a step in an agency's monthly certification process.

AUDIT TRAIL

Full transaction audit trail information is available through the *GL Posted Entry Query (220)* screen. Source document information can be traced by using the document ID.

System Balancing

When a batch is sent to BRS or BPS, it generates a report for each agency:

- BPS

Agencies analyze the transactions received from the OSBM to ensure that the BPS to BRS information is complete and accurate. If a BPS (budget load) batch has an error, the entire batch is sent to the SBM.

- BRS

If any company/account/centers are invalid or inactive, they must be corrected and resent to BRS.

◆ See the **SIG** for **BRS** and **BPS** specific reports.

Exception Processing

Exception processing involves two types of transactions:

- Budgetary exceptions
- Unfinished documents

Budgetary Exceptions

NOTES

Why do they occur?

Budgetary exceptions occur when the AFF finds that funds do *not* exist for a particular transaction or an invalid accounting distribution has been chosen. Defaults that lead to a budgetary exception are established on the *Buying Entity Defaults (BED)* screen.

Resolving budgetary exceptions are agency-specific. The preferred method of resolving budgetary exceptions is to pass the line to the *Budgetary Control Queue (BCQ)*.

The *Budgetary Control Exception List (BCEL)* screen lists the requisition, purchase order, and invoice lines that have budgetary exceptions on them. This screen is identical to the *BCQ*, except that it is for inquiry only.

Who resolves them?

Passing a line to the *BCQ* typically means sending it to the agency budget officer. The *BCQ* will hold the line until the budget officer resolves the exception.

How are they resolved?

Depending on the situation, the agency's budget officer may elect to:

- Transfer funds
- Authorize the exception
- Reduce the order amount
- Select the correct accounting distribution
- Add an accounting distribution
- Reject the transaction

Unbalanced Documents

Why do they occur?

An account exception occurs when a valid General Ledger accounting distribution cited on the document line does not equal the batch header amount. A transaction was omitted during entry.

Who resolves them?

Agency fiscal personnel

How are they resolved?

Depending on the situation, the agency's fiscal personnel may elect to:

- Correct the header or line
- Delete the lines

NOTES

Unapproved Documents

Why do they occur?

The person who entered the transaction does not have end approval authority.

Who resolves them?

End approver

How are they resolved?

Pull up the document using the *Unfinished Documents Status (182)* screen. Then end the document by recording "E" on the transaction in the BC module.

The *Unfinished Document Status (182)* screen displays all unfinished detail on unfinished documents by type.

The *Budget Transfer Inquiry (123)* screen displays detailed information for the lines of the budget transfer selected.

Information Access

As with other modules, there are various ways to access information. Three different ways to access Budgetary Control information are:

- Online inquiry
- Reports
- Decision Support System (DSS)

The first online inquiry screen is the *Available Funds Inquiry (162)* screen. The 162 screen shows the available balance for the accounting distribution selected. The 162 screen tells us the following information about accounting distributions:

- The authorized budget for the accounting distribution
- The amount of funds committed to future expenditures by requisitions
- The amount of funds encumbered by outstanding obligations through Purchasing and Accounts Payable transactions
- The amount of the available balance spent by cash disbursements to date
- The amount of funds available for use

To calculate the available balance, the following formula is applied:

$$\text{Authorized Budget} - (\text{Commitment} + \text{Encumbrance} + \text{Expenditure}) = \text{Available Balance}$$

Interface Reports

BPS

The **Interface Posting Accounts** report lists the budgetary amounts by accounting distribution with sub-totals at the company/fund level.

NOTES

Agencies use this report to compare to BPS reports to ensure that the interface budgetary amounts are correct. This report is located in X/PTR report group FC714-1 BPS.

The **Interface Error** report lists invalid accounting distributions. These errors must be corrected before the agency tries to release the batch from Suspended Batch Master (SBM). This report is located in X/PTR report group FC714-1 BPS.

BRS

The **BC Document Detail** report verifies that all budget transactions extracted from OSBM's Budget Revision System (BRS) and posted to the Budgetary Control module were processed correctly. It is located in X/PTR report group BC305-1 BRS TO BC.

The **Invalid Accounting Distributions Not Processed in the NCAS** report lists identifies all BRS transactions that did not post to the NCAS because no valid accounting/center combination existed on the NCAS. This report is located in X/PTR report group BC305-1 BRS TO BC.

The **Revisions to the Certified Budget** report verifies that all certified budget transactions from OSBM's BRS and posted to the BC were processed correctly. This report is located in X/PTR report group BC305-1 BRS TO BC.

The **Revisions to the Authorized Budget** report verifies that all authorized budget transactions extracted from OSBM's BRS and posted to the BC were processed correctly. This report is located in X/PTR report group BC305-1 BRS TO BC.

◆ See the **SIG** for additional information about these reports.

Control Reports

The **BC Batch Document Entry** report identifies input transactions (including BRS information) that updated the Available Funds File (AFF) and those that failed to update the AFF because they contained errors. This report is located in X/PTR report group BC310-1 BC BATCH REPORTS.

The **BC Unfinished Document** report identifies documents entered into BC, but not completed. It is also used to review unfinished document header and detail line data. It also identifies the source document and details the appropriate action to take in order to complete documents. This report is located in X/PTR report group BC320-1BC AUDIT REPORTS.

The **Budgetary Control Exception** report lists the document lines within an invoice, requisition, or purchase order, for which a budgetary control exception occurred. Exceptions may be account exceptions or funds exceptions. This report is located in X/PTR report group MM120-1 BC EXCEPT/APPROVAL.

NOTES

The **Budgetary Control Approval Activity** report lists document lines within an invoice, requisition, or purchase order that have been approved or rejected. This report is located in X/PTR report group MM120-1 BC EXCEPT/APPROVAL.

◆ See the **SIG** for additional information about these reports.

Month End Reports

The **BD701 - Agency Management Budget Report** shows budgeted and actual activity. It also verifies that all transactions have been properly recorded in the NCAS. This report is located in X/PTR report group OSCOP* MOPRE - 1 BD701 REPORTS, where the * is replaced by a **C** or **F** depending on which region the agency is located.

This report is part of the required month-end report package that is submitted to the appropriate central management agencies. The reporting period is each calendar month of the fiscal year.

This report is available by:

- Detail by fund
- Summary by account
- Budget code recap (shown above)
- Summary by purpose

◆ See the **SIG** for additional information about this report.

The **BD701F Monthly Report of Federal Funds** (BD701F) lists the estimated and actual revenues of the current state fiscal year and total grant life-to-date information for a particular account number. This report is located in X/PTR report group OSCOP* MOPRE - 1 BD701 REPORTS, where the * is replaced by a **C** or **F** depending on which region the agency is located.

The **BD702 Monthly Report on the Appropriations and Allotments** (BD702) lists the monthly expenditures, current balances and account information for appropriations and allotments by company and budget code. The BD702 report is located in X/PTR report group OSCOP* MOPRE - 3 BD702 REPORTS, where the * is replaced by a **C** or **F** depending on which region the agency is located.

The **Monthly Report on Capital Improvement Funds** (BD725) presents the status of capital improvement projects by broad classification (e.g., building) and any detail classification (e.g., architect fees). The amount budgeted, allotted, and expended currently, year-to-date, and project-to-date are outlined in a budget report format. The BD725 report is located in X/PTR report group OSCOP* MOPRE - 4 BD725 REPORTS, where the * is replaced by a **C** or **F** depending on which region the agency is located.

NOTES

The **BD800 - Cash Reconciliation Report (BD800)** is used to reconcile cash transactions and balances recorded in the NCAS to the State Level Cash Management Accounting System. A summarized version is also available which reports current, quarterly, and year-to-date receipts and disbursements by budget code. These reports are located in X/PTR report group OSCOP* MOPRE-5 BD800 REPORTS, where the * is replaced by a **C** or **F** depending on which region the agency is located.

Monthly Certification Process

The OSC generates preliminary month-end reports for the review of each agency. The reports summarize the transactions from appropriations and receipts each month.

Each agency designates individuals who are responsible for reviewing the reports and certifying that the reports are accurate and complete. Certification for each month's reports must be provided by the 10th working day of the following month.

The OSC generates copies of the certified reports for the Central Management Offices (CMOs):

- OSBM
- General Assembly Fiscal Research
- OSC Cash Management

Each agency delivers the copies of the month-end reports to the central management agencies by the 10th working day of the following month.

After certifying the reports, each agency must ensure that no prior period adjustments are posted that could alter the certified report totals. Agencies must report to the OSC any significant prior period adjustment so that reports can be reissued.

◆ *Refer to the **SIG** for month-end procedures.*

The format of each month-end report is specified by the OSBM and Cash Management. The preliminary month-end reports are generated daily and are available in X/PTR throughout the month.

The month-end reports are used by each agency to reconcile the month's transactions for each type of budget code:

- General fund
- Federal fund
- Capital improvement (CI) fund
- Special funds

Systemware Group Name	Report Name	Description
OSCOPE* MOPRE-1 BD701 REPORTS	C-GL-BD701-CERT-REPORT	Agency management budget report
OSCOPE* MOPRE-2 BD701F REPORTS	C-GL-BD701-GRANT	Monthly report of federal funds
OSCOPE* MOPRE-3 BD702 REPORTS	C-GL-BD702-REPORT-CV1	Monthly report on appropriations and allotments
OSCOPE* MOPRE-4 BD725 REPORTS	C-GL-BD725-CI-REPORT	Monthly report on capital improvement funds
OSCOPE* MOPRE-5 BD800 REPORTS	C-GL-CASH-RECON-BD800	Monthly cash reconciliation report
OSCOPE* MOPRE-6 BD704 REPORTS	C-GL-BD704-CSH-REC-FUND	Statement of cash receipts, disbursements and balances report
OSCOPE* MOPRE-7 BOX TOTALS	C-GL-BOX TOTALS	Box totals and trial balances
OSCOPE* MOPRE-9 BD701 AUTH AT FND	C-GL-BD701-AUTH-REPORT	Certified agency management budget report

◆ Refer to the **SIG** for samples of the **month-end reports**. Month-end closing procedures are also available on the **SIG**.

DSS Reports

The following reports and views are available in Decision Support System:

Reports

- **BD701** reports can be viewed on a daily basis without having to wait for month-end reports.
 - Budget Code Recap - This report lists total expenditures to cash, revenues plus adjustments to cash, and appropriations for agency budget codes.
 - Summary by Purpose - This report lists budget codes by expenditures plus adjustments to cash, revenues plus adjustments to cash, and appropriations.
 - Summary by Account - This report lists expenditures, revenues, and cash adjustment accounts.
- **BD725** reports can be viewed on a daily basis through an Adobe Reader without having to wait for month-end reports.
- **CAFR**
 Reports that support agency and OSC compilation of the CAFR. These reports contain income statement and balance sheet information.

Views

NOTES

- **GL GASB Control**
This view allows agencies to analyze current and prior period GL activity with a focus on the detail GASB number. (Note that the data in this view is being updated along with other view data nightly.)
- **GL Budget Code Control**
This view is of any activity (assets, liabilities, fund equity, revenues, and expenditures) in all accounts from the General Ledger.
- **AFF Management Control**
This view is of the authorized line item budget, commitments, encumbrances, expenditures, and available balances by fund and cost center from the Available Funds File (AFF).
- ◆ *Examples of DSS information is located on the **SIG**. Additionally, the **SIG** contains **training** and **registration** information for DSS classes.*

Specialized Accounting Functions

Overview

The following specialized accounting functions are addressed in this section:

- Intragovernmental Transactions
- Grant Accounting
- Capital Improvements
- General Journal Entries
- Year-End Accounting Functions

Types of Intergovernmental Transactions

An **intragovernmental transaction** requires the transfer of funds between two agencies or units of the North Carolina state government. One objective of the NCAS is to provide agencies with a standard way of processing these transactions.

This processing method must:

- Perform transactions without requiring agencies to issue checks to one another
- Provide an audit trail by identifying:
 - The type of transaction
 - The entries generated by the transaction

There are five types of intragovernmental transactions:

- Interfund services provided and used
- Reimbursements
- Interfund transfers
- Federal grant transactions
- State grant transactions

 Transfers to and receipts from Central Payroll are not recorded as intragovernmental transactions.

Interfund Services Provided and Used

Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external value. Interfund services provided and used should be reported as revenues in seller funds and expenditures or expenses in purchaser funds. Interfund services provided and used are the only interfund transactions for which it is proper to recognize revenues and expenditures or expenses in the funds when the transactions are not external to the primary government and its blended component units.

NOTES

These transactions result in revenues reported in the fund providing the service and expenditures/expenses reported in the fund receiving the goods or services. The accounting records should only reflect an interfund service when it is a type of service that would be routinely provided to external organizations and the rate charged approximates the rate charged by external organizations.

Transactions with the State's internal service funds are classified as interfund services. For example, a payment by the general fund to an internal service fund for goods or services provided represents an interfund services provided and used transaction.

Examples of interfund services provided and used include:

- Billed services from the State's internal service funds, that are all GASB 27XX funds including Motor Fleet, State Computer Center, etc.
- Routine employer pension contributions to the pension trust funds.
- Billed services from Prison Enterprises (a special revenue fund).

Reimbursements

A reimbursement arises when repayments from the funds responsible for particular expenditures or expenses (reimbursing fund) repay the funds that initially paid for them (reimbursed fund) and the service being provided or used is not routinely provided to external organizations nor are the charges at established standard rates. The initial expenditure or expense is recorded in the reimbursed fund. When the reimbursing fund pays back the reimbursed fund, the receipt of funds is recorded as a contra-expenditure or contra-expense account (5383aa) in the reimbursed fund.

In the reimbursing fund, the payment to the reimbursed fund is recorded as expenditure. The receipt and expenditure in the reimbursed fund offset each other while the expenditure is properly recorded in the reimbursing fund. Reimbursements are applicable only for governmental funds and do not apply to proprietary fund types.

The following transactions are examples of reimbursements when the reimbursed fund only provides service within state government:

- Charges for supplies, postage, MIS/DP expenditures that are allocated among funds within an entity. For reimbursements between two funds within the same agency, it is permissible for the reimbursed fund to deposit the receipt as a credit back against the original expenditure account when the expenditure account is known and the reimbursement occurs within the same fiscal year. It is also acceptable to use the 5383aa reimbursement account for the receipt.
- Personnel costs budgeted by one agency and later charged by contract or billing to another agency (for example, costs associated with legal services performed by the NC Department of Justice).

NOTES

- Costs for compliance (federal funds) audit work performed by the Office of the State Auditor.
- Rental charges among agencies for occupancy in buildings.
- Medicaid disbursements to other state agencies.
- Administrative fees charged to the pension funds.

The reimbursement accounts will be budgeted as revenues. Reimbursements display in the monthly budget report in a section below the revenue accounts. This grouping allows all credit balance accounts to display together on the budget report enabling agency management to view resources in total.

Example of Accounting Transactions for Reimbursements:

The Department of Justice bills the Department of Environment, and Natural Resources (DENR) for the staff attorney costs associated with work performed for DENR.

Reimbursed Fund: General Fund at Department of Justice

To record the payment of the staff attorney salaries:

ACCOUNT		DR	CR
Salaries - SPA	531211	X	
Cash	111270		X

To record the reimbursement from DEHNR for billed services provided by staff attorneys:

ACCOUNT		DR	CR
Cash	111270	X	
Reimbursement from DENR for Salaries	5383XX		X

Note: *The Reimbursement From account is an expenditure with a credit balance (contra-expenditure).*

Reimbursing Fund: General Fund at DEHNR

To record the costs billed by the Department of Justice for legal services performed by staff attorneys.

ACCOUNT		DR	CR
Contracted Legal Services	532110	X	
Cash	111270		X

NOTES

Interfund Transfers

Interfund transfers are flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. There are two types of interfund transfers. A routine interfund transfer normally reflects transfers mandated by the General Assembly such as transfers from the general fund to a capital projects fund. A routine transfer is to be recorded by the receiving agency to account 4381aa and by the disbursing agency to 5381aa.

Non-routine transfers are typically nonrecurring, and are generally associated with the transferring of a program or capital projects reversions to the General Fund. A non-routine transfer is to be recorded by the receiving agency to account 4384aa and by the disbursing agency to 5384aa.

Interfund transfers are neither revenue nor expenditure/expense, and therefore are classified as other financing sources/uses in the operating statement in the governmental fund types, and in a separate subsection before net income in the proprietary fund types. Resource flows (except those that affect the balance sheet only, such as loans and repayments) between the primary government and its discretely presented component units should be reported as if they were external transactions - that is, as revenues and expenses, not transfers.

Federal Grant Transactions

A federal grant transaction occurs when federal money is received in the Federal Budget Code and transferred to the Operating Budget Code. The 5388aa account is a contra account. In the federal budget code the 5388aa is used as an expenditure and as a revenue in the operating code. The 5388aa must always net to zero.

State Grant Transactions

Another type of interfund services provided and used is state grant transactions. In state grant transactions, a state agency awards grant funds to another state agency. An agency that receives grant funds from another agency records the transaction as state grant revenue rather than as a transfer. The account title for the revenue states the grant title. The awarding agency records the disbursement as a grant expenditure or expense rather than a transfer. The account title also has the grant title. Accounts used to record state grants include 4325aa and 536Xaa.

Loans and Advances

An **advance** is a non-current portion of long-term interfund loan receivable. An advance is offset by a fund balance reserve account indicating that it does not constitute expendable available financial resources, and therefore is not available for appropriation or expenditure.

The accounts for non-current advances include the following:

- 124310-124319 General Government Advances
- 124600 Advances to Primary Government Agencies
- 124700 Advances to Component Units

NOTES

The accounts for non-current advance liability include the following:

- 222310-222319 General Government Advances
- 222500 Advance from Primary Government Agencies
- 222600 Advances from Component Units

Grant Accounting

This section on *Grant Accounting* applies only to federal grants (3 type). This does not apply to pass-through grants in other budget codes.

Grant Accounting Business Process Flow

1. The grant award is recorded in the federal budget code in the NCAS.
2. Recommended that the annual budget be recorded in the federal budget code.
3. The life-to-date budget is recorded in the operating budget code (optional).
4. The certified and authorized budgets are recorded in the operating budget code. Adjustments are made for any remaining balances to true-up the prior certified budget.
5. The expenditures are recorded in the operating budget code.
6. The cash requisition is recorded in the operating budget code.
7. The drawdown of federal funds is recorded in the federal budget code. For the under/over estimated differences in the drawdown and receipt of federal funds, a receivable/payable is recorded for the amounts owed from/to the federal agency. (Optional at month-end; required at year-end.)
8. If the cash transfer and receipt of federal funds will be recorded simultaneously:
 - the transfer of cash is recorded from the federal budget code.
 - the receipt of cash is recorded in the operating budget code.Alternatively, if preferred, a payable and receivable may be set up.

NOTES

Chart of Accounts

The company is an “umbrella” under which the federal center and the corresponding operating centers are defined.

The GL center is comprised of two parts.

- The budget fund is a purpose/program number mandated by the Office of State Budget and Management (OSBM). Generally, the first position of the fund is the same as the first position of the budget code. The exceptions are universities and the Department of Transportation.
 - The federal centers begin with a 3 (Federal Fund budget code).
 - The operating centers begin with a 1 (General Fund), 2 (Special Revenue Fund budget code), 4 (Capital Projects Fund budget code), or 6 (Trust & Agency Fund budget code).
- The cost center allows the agency to further define responsibility areas or alternate reporting needs.
 - The federal centers require the budget fund only for most agencies. (DPI is an exception.)
 - The operating centers require the budget fund and leave the cost center to the discretion of the agency.

The following are characteristics of the GL center:

- It provides detail relating to the funding source and the program type.
- It provides the separation of the federal center and the operating center.
- It is associated with the budget code and the performance budget code.
- It provides the association to the Catalog of Federal Domestic Assistance (CFDA) number.

In grant accounting, the following GL accounts are used:

- Grant awards
- Cash accounts
- Budgets
- Grant receipts
- Grant expenditures

The grant ID (Positions 5, 6) for accounts 4321xx and 5388xx is used to trace grant activity from the federal code to the operating code.

For grant accounts 4321xx, 5388xx, and 659310, the subaccount portion (Positions 7, 8, and 9) is agency-defined.

NOTES

The fiscal year (Positions 10 and 11) is used to record the federal fiscal year the grant is received. The fiscal year is required in the federal budget code and optional in the operating centers.

Because the fiscal year is mandatory in the federal account number, the subaccount must be zero-filled if not used.

The following table indicates key accounts used in the federal center and the operating center:

ACCOUNT	DESCRIPTION
7888xxaaaff	Certified Budgeted Federal Funds Transfer/Receipts
7388xxaaaf	Authorized Budgeted Federal Funds Transfer/Receipts
7588xxaaaf	Life-to-Date Estimated Federal Funds Transfer /Receipts
5388xxaaaf	Federal Funds Transfers/Receipts
6821xxaaaf	Certified Budgeted Revenues
6321xxaaaf	Authorized Budgeted Revenues
6521xxaaaf	Life-to-Date Budgeted Revenues
4321xxaaaf	Actual Revenues
659310aaaff	Grant Award
659320	Grant Award Offset

The Federal Funds Transfer/Receipts accounts (5388XX):

- Record the transfer of funds between the federal and the operating centers
- Reimburse the operating center for expenditures intended to be federally funded
- Are located in the intragovernmental transaction section of the Chart of Accounts
- Offset each other within the same GASB to achieve a zero balance at year-end

Accounting Rules

The BC/GA accounting rule is applied when recording the grant award and is only entered for federal centers:

BC/GA Grant Award Rule

- Manually entered in the BC module
- Changes 43 (Actual Revenues) to 65 (Life-to-Date Budgeted Revenues)
- Generates offsetting credit to account 659320 (Grant Award Offset)
- Entered as a journal voucher with a 15 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
439310XXXXXX	1	65XXXXXXXXXX	XXXXXXXXXXXX	No
	2	659320	XXXX	Yes

x = data originally entered

When setting up a grant, the BC/65 and BC/75 accounting rules are used to record the life-to-date budget for the operating centers.

BC/65 Life-to-Date Grant Budget Data Type 2 (Revenues)

- Manually entered in the BC module
- Changes 43 (Actual Revenues) to 65 (Life-to-Date Budgeted Revenues)
- Entered as a budget create with a 15 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43XXXXXXXXXX	1	65XXXXXXXXXX	XXXXXXXXXXXX	No

x = data originally entered

BC/75 Life-to-Date Grant Budget Data Type 2 (Expenditures)

- Manually entered in the BC module
- Changes 53 (Actual Expenditures) to 75 (Life-to-Date Budgeted Expenditures)
- Entered as a budget create with a 15 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53XXXXXXXXXX	1	75XXXXXXXXXX	XXXXXXXXXXXX	No

x = data originally entered

The following accounting rules are used to clear suspense:

BC/GB Life-to-Date Budgeted Expenditure Correction

- Manually entered in the BC module
- Clears Life-to-Date Budgeted Expenditure (account beginning with 75) from suspense
- Entered as a budget create with a 31 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53XXXXXXXXXX	1	75XXXXXXXXXX	XXXXXXXXXXXXX	No
	2	99999999899	99999999998	Yes

x = data originally entered

BC/GC Life-to-Date Award/Budgeted Revenue Correction

- Manually entered in the BC module
- Clears Life-to-Date Award/Budgeted Revenue (account beginning with 65) from suspense
- Entered as a budget create with a 31 document ID

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43XXXXXXXXXX	1	65XXXXXXXXXX	XXXXXXXXXXXXX	No
	2	99999999899	99999999998	Yes

x = data originally entered

Reports

The **Monthly Report on Federal Funds** (C-U-GL-BD701-GRANT) provides current state fiscal year and life-to-date grant information for all budget codes and centers beginning with a 3 (Grants). The BD701 Grant report is located in X/PTR report group MOPRE-2.

The BD701 Grant report is sorted by FRU, budget code, federal center, and federal fiscal year. For each federal center/fiscal year combination, the expenditure accounts (5388XX) and revenue accounts (4321XX) are listed separately with totals for each.

The NET REV LESS EXP line indicates the total revenues minus the total expenditures. If a center is in balance (i.e., total revenues equal total expenditures), the line does not appear on the BD701 Grant report. If, however, the center does not balance, the net difference displays on the BD701 Grant report in the NET REV LESS EXP line.

The first set of columns provides information about the grant accounts for the current state fiscal year.

- The BUDGET column indicates the budgeted expenditures and the estimated revenues for each account.
- The ACTUAL column indicates the actual expenditures and revenues for each account.
- The UNEXP BUDGET column equals BUDGET - ACTUAL. This value represents the portion of the budgeted amount that remains unexpended for the current state fiscal year.

NOTES

The second set of columns provides information about the life-to-date activity for each federal grant.

- The AWARD column indicates the value of the original grant award entry plus any adjustments made to the grant award (increases/decreases from the federal government). These values display on the lines for TOTAL EXPENDITURES and TOTAL REVENUES.
- The ACTUAL column represents the life-to-date actual expenditures/revenues for the grant, including the actual expenditures/revenues for the current state fiscal year (in the ACTUAL column for the current state fiscal year.)
- The UNEXP/UNDRAWN AMT column is calculated by subtracting the ACTUAL column from the AWARD column. The values in this column represent the portion of the life-to-date award which is unexpended (TOTAL EXPENDITURES line), or the portion of the life-to-date award that remains to be drawn (TOTAL REVENUES line.)
- The UNEXP BUDGET FUTURE column for the grant life-to-date is calculated by subtracting the unexpended budget for the current fiscal year (UNEXP BUDGET) from the total unexpended/undrawn amount for the grant life-to-date (UNEXP/UNDRAWN AMT.)
- The value in the UNEXP BUDGET FUTURE column represents the amount of the award available for use in future years. This information may be used to help determine the budget for the next fiscal year.

The **Monthly Federal Cost** report (C-U-GL-FEDERAL-COST) is used by agencies to manage grant programs. The Federal Cost report shows expenditures and revenues for the operating centers. For expenditures, the report provides line item detail. For revenues, the report shows the amounts that have been transferred from the federal center to cover grant expenditures.

The report is sorted by budget code, center, and then an agency-defined sort. For each account, the following information is provided:

- Life-to-date budget (L-T-D BUDGET column), if entered
- Actual month-to-date (ACTUAL M-T-D column)
- Actual quarter-to-date (ACTUAL Q-T-D column)
- Actual year-to-date (ACTUAL Y-T-D column)
- Actual life-to-date (LIFE-TO-DATE column)
- Unexpended/unrealized life-to-date budget (UNEXP/UNREAL L-T-D BUDGET column = L-T-D BUDGET column - LIFE-TO-DATE column)
- Encumbrances

The Federal Cost report is not required for certification. However, it is available to all agencies to use as a grant management tool.

Capital Improvements

For a complete review of capital improvements, a two-hour **Capital Improvements** course is available.

Business Process Flow

NOTES

1. Obtain authorization by submitting a request and a completed OC-25 to the General Assembly or the Governor.
2. Post the unallotted budget to the reserve accounts in the NCAS.
3. Using the award letter from the State Construction Office, transfer the unallotted budget from the reserve accounts to the unallotted budgeted expenditure accounts.
4. Record the allotment of expenditures and revenues.
5. Generate the actual expenditure and revenue entries in the Accounts Payable (AP) and Budgetary Control (BC) modules.
6. Before releasing checks, move money from the allotment account to the disbursing account in the BC module.
7. At the end of the fiscal year, record the accrual entries for the financial statement presentation in the AP and BC modules.
8. Close out the completed capital improvements (CI) project by transferring the residual balance to the closing fund and inactivating the account/center combinations.

Chart of Accounts

The **GL company** defines the GAAP reporting fund. The four-character GL company number is comprised of two parts:

- Financial Reporting Unit (FRU)
- GAAP Fund Type

Companies may exist with a GAAP Fund Type other than 4 for Capital Improvements.

The **center** consists of the budget fund and the cost center. The budget fund (Positions 1-4 of the center) is the CI Item Number or Project Number. Multiple budget fund numbers may be associated with a single CI project budget code.

The account types and subtypes for Capital Improvements are defined in the *System Fundamentals* section, with the following exceptions:

Account Type	Description	Account Sub-type	Description
6	Estimated Revenues	3	Allotted Estimated Revenues
		8	Unallotted Estimated Revenues
7	Budgeted Expenditure/Expense	3	Allotted Budgeted Requirements
		8	Unallotted Budgeted Requirements

NOTES

Accounting Rules

The BRS interface is used to send transactions from OSBM's Budget Revision System (BRS) to the NCAS. The transactions received from BRS are used to set up new CI projects. In addition, during the periods between legislative sessions, the BRS interface is used to increase or decrease funding for existing CI projects.

When transactions are received via the BRS interface, the appropriate accounting rule is automatically applied by the NCAS depending on whether the transaction involves an expenditure or a revenue account.

Due to the accounting rules, transactions from BRS always post to accounts for unallotted funds.

The following accounting rules are applied to BRS interface transactions:

BP/BC/4X CI Expenditure Rule

- Automatically applied by interface
- Changes 53 (Actual Expenditures) to 78 (Unallotted Budgeted Requirements)
- Generates offsetting debit to 111280 (Unallotted State Appropriations)

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53XXXXXXXXXX	1	78XXXXXXXXXX	XXXXXXXXXXXX	No
	2	111280	XX00	Yes

x = data originally entered

BP/BC/4R CI Revenue Rule

- Automatically applied by interface
- Changes 43 (Actual Revenues) to 68 (Unallotted Estimated Revenues)
- Generates offsetting credit to 111280 (Unallotted State Appropriations)

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43XXXXXXXXXX	1	68XXXXXXXXXX	XXXXXXXXXXXX	No
	2	111280	XX00	Yes

x = data originally entered

In the CI allotment process, an agency proposes to allot funds to various budget accounts according to the requirements of the project, and OSBM must approve the planned expenditures. Once OSBM gives permission to spend the funds, the agency makes allotment entries to transfer the budgeted funds to allotment accounts.

Allotment entries are made in the BC module. When the entry is made, an accounting rule must be specified based on whether the entry involves a revenue or expenditure account.

There are multiple allotment accounting rules for expenditures. The appropriate accounting rule to use depends on where the amount to be allotted is currently recorded. One of the more common accounting rules used to record an expenditure allotment is:

BC/4A Recording CI Allot Entries - Expenditures

- Manually entered by the user in the BC module
- Changes 53 (Actual Expenditure) to 73 (Allotted Budgeted Requirements)
- Generates debit entry to 78 (Unallotted Budgeted Requirements)
- Generates debit entry to 111270 (Cash in Allotment)
- Generates credit entry to 111280 (Unallotted State Appropriations)

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
53XXXXXXXXXX	1	73XXXXXXXXXX	XXXXXXXXXXXX	No
	2	78XXXXXXXXXX	XXXXXXXXXXXX	Yes
	3	111270	XX00	No
	4	111280	XX00	Yes

x = data originally entered

BC/4B Recording CI Allot Entries

- Manually entered by the user in the BC module
- Changes 43 (Actual Revenues) to 63 (Allotted Estimated Revenues)
- Generates credit entry to 68 (Unallotted Estimated Revenues)
- Generates credit entry to 111270 (Cash in Allotment)
- Generates debit entry to 111280 (Unallotted Stated Appropriations)

Account Keyed	Sequence No	Accounts Posted	Centers Posted	Rvrs DR/CR
43XXXXXXXXXX	1	63XXXXXXXXXX	XXXXXXXXXXXX	No
	2	68XXXXXXXXXX	XXXXXXXXXXXX	Yes
	3	111280	XX00	Yes
	4	111270	XX00	No

x = data originally entered

NOTES

Reports

The **Monthly Report on Capital Improvement Funds** (BD725) presents the status of capital improvement projects by broad classification (e.g., building) and any detail classification (e.g., architect fees). The BD725 is located in X/PTR report group MOPRE-4.

Funds for projects that last multiple years are automatically carried over by the NCAS from year to year. Agencies are responsible for requesting OSBM approval to close completed CI budget codes. At the end of the fiscal year, OSBM notifies the OSC of any budget codes that have closed. The agencies are also responsible for requesting OSC to inactivate all associated account/center combinations, so the accounts for the closed CI projects will no longer display on the BD725.

For each account, expenditures (budgeted and actual) and revenues (estimated and actual) are summarized.

After the status of capital improvement projects for each account is summarized, totals are provided for each budget code.

The BD725 summarizes the budgeted funds for a project.

- The TOTAL BUDGET column is calculated by adding the unallotted funds and the total allotments.
- The UNALLOTTED column represents the unallotted funds for the account.

For expenditure accounts, this value is the sum of all 78 transactions.

For revenue accounts, this value is the sum of all 68 transactions.

- The TOTAL ALLOTMENTS column represents the total allotted funds for the account.

For expenditure accounts, this value is the sum of all 73 transactions.

For revenue accounts, this value is the sum of all 63 transactions.

The BD725 also summarizes actual expenditures and revenues for each account.

- Expenditure and revenue totals are provided for:
 - Current month-to-date
 - Year-to-date
 - Project-to-date
- For expenditure accounts, these values represent sums of 53 transactions.
- For revenue accounts, these values represent sums of 43 transactions.

The ALLOTMENT BALANCE column is calculated by subtracting the actual expenditures/revenues for the project-to-date from the total allotted funds.

General Journal Entries

NOTES

General journal entries are one of four transactions generated by the Budgetary Control module. Examples of journal voucher entries include:

- Allotments
- Reversions
- Accrual (manual)
- Suspense corrections
- Cash receipts

All manual journal entries (accruals, adjustments, etc.) are entered directly into the BC module. This direct entry enables the Available Funds File (AFF) to be updated real-time.

Many different accounting rules apply during the processing of journal voucher entries. The accounting rule applied depends upon the type of journal voucher. The user can key a specific rule or let the system use its default rule for that screen.

The **Accounting Rule Listing** report lists company-specific accounting rules in the NCAS Financial Controller Accounting Rule Master File. The report may be generated for a specific company or for the master company (9999). The Accounting Rule Listing is located in IE library FCPUBLIC, report series C-U-FC-ACCT-RULE-LIST.

```
BC                                JOURNAL VOUCHER INQUIRY                                111
NEXT FUNCTION: _____ ACTION: _____ HISTORY: _
=====
ENTER KEY INFORMATION
DOCUMENT ID: 1121061006
LINE: 0001
DATE FORMAT: MDY
```

The *Journal Voucher Inquiry (111)* screen is used to inquire upon a particular journal voucher. Only the document ID is required. A line number may also be entered in the LINE field to inquire on a specific line.

NOTES

```

BC                                JOURNAL VOUCHER INQUIRY                                113
NEXT FUNCTION: _____ ACTION: ____ HISTORY: _
=====
APP: AZ
DOCUMENT ID: XX12345678                                TOTAL:                                100.00
-----
LINE 0001
COMP/ACCT/CNTR    XX01 434110                                10001000
DEBIT/CREDIT AMOUNT                                100.00
DEBIT/CREDIT CODE    DR
DESCRIPTION          PRACTICE #1
PROJECT COMP/CODE
EFFECTIVE DATE      11/13/2006                                ACCOUNTING RULE 31
LEVEL OF FUNDS CHK  DO NOT CHECK                                SOURCE CODE
TRANSFER COMPANY                                         UPDATE AFF      NO
OPTIONS: NEXT LINE _____
  
```

The *Journal Voucher Inquiry (113)* screen displays detailed information for the specific journal voucher line. Information is displayed one line per screen. If the line was not entered on the 111 screen, the 112 screen will be displayed to show header information (company, document total, and CPA indicator).

See the *Processing General Journal Voucher Entries* section of the **Agency System Management** course for additional information.

Year-End Accounting Functions

The GL module is maintained on the cash basis of accounting for most accounting processes during the fiscal year. At fiscal year-end, financial data on the General Ledger is converted from the cash basis to the modified accrual basis of accounting by recording adjustments to a 13th financial accounting period. Accrual adjustments to the 13th period are necessary to accurately present an agency's annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

- ◆ Refer to the **SIG** for additional information on **year-end activities and 13th period procedures**.

Cash Procedures

Year-end cash procedures include:

- **Cash carry forward procedures**

Each agency must obtain authorization from the Office of State Budget and Management to carry forward funds obligated in the current fiscal year to the next fiscal year. Carry forward checks are drawn payable to the issuing agency in the current fiscal year and are deposited to the credit of the same agency on the first day of the next fiscal year.

NOTES

- **Fourth quarter allotment reversions**

State agencies are allotted portions of their authorized budget each quarter based on projected revenues and expenditures. At the end of each quarter, any balance remaining in the agency's allotment account must be reverted to the state. Fourth quarter allotment reversions are recorded in the NCAS through a journal voucher entry in the Budgetary Control (BC) module. All transactions related to the fourth quarter allotment reversion must have an effective date of June 30, the 13th financial accounting period.

- **Certifying final budgetary reports**

Each agency is responsible for certifying their month-end reports as accurate and complete as of June 29, 20XX, which is the end of the 12th period. This provides an accurate cash basis of accounting and a solid base upon which to build complete accrual financial data.

Prior Year Reversals

The reversal of prior fiscal year-end accruals in the 13th financial accounting period is necessary to prevent the misstatement of current year financial data.

- Manual prior fiscal year-end accrual reversal transactions are entered as journal voucher entries in the BC module.
- Automated accrual reversals are programmatically generated for accounts payable and appropriate manual accrual transactions and are processed through the FC module.

All prior year reversals are processed with an effective date of June 30.

Accruals

Programmatically generated accruals for the current fiscal year include:

- Payroll accruals (payroll ending dates prior to July 1)
- Accounts Payable accruals (flagged invoices)
- Purchasing accruals (purchase orders processed and items received but not invoiced)

Manual journal vouchers are prepared for accruals that cannot be identified and posted through a programmatic process. The reasons they may not be identified are:

- They required proration between fiscal years.
- The entries were erroneously omitted due to an incorrect document ID.
- They were not identified as an accruable transaction until after the programmatic batches were created.
- Not easily identified programmatically as eligible for accruals.

◆ *For further instruction on accruals, refer to the Processing Special Journal Voucher Entries section of the **Agency System Management** course.*

NOTES

Multi-Year Purchasing Documents

Multi-year purchasing documents allow future-year requisitions and purchase orders to be entered into the NCAS without affecting the current-year budget.

- Requisition and PO lines for future fiscal years are marked by entering the two-digit future year as the multi-year indicator, e.g. 08 for fiscal year 07-08.
- At the end of the current fiscal year, any open requisition lines for the future fiscal year (with the specified multi-year indicator) are converted to PO lines. The multi-year indicator is carried forward to the PO line.
- Next, all PO lines with a multi-year indicator for the future year are converted to PO lines for the current year. Funds are encumbered for these lines, and the purchasing documents are ready to be processed in the new fiscal year.

Purchasing

Overview

The NCAS purchasing module is only used on a very few occasions, such as for grant pass-through purchase orders. The E-Procurement module handles most of the purchasing duties for NCAS. Purchase orders are created in E-Procurement and then “pushed” to NCAS.

E-Procurement/NCAS is used by requisitioners to request goods and services online. Buyers then generate request for quotations and purchase orders to send to vendors. Receivers receive the goods online.

The information entered in the Purchasing module is passed to the Accounts Payable module. AP’s automated invoice matching significantly reduces AP processing.

Integration with Other Modules

Several NCAS modules, as well as E-Procurement, interact directly with the Purchasing module:

The **Budgetary Control** module checks to see if an accounting distribution has sufficient funds for a purchase. The Budgetary Control module contains the Available Funds File (AFF).

When a stock item is requested or received through Purchasing, the **Inventory** module is automatically updated.

The **Accounts Payable** module receives information such as prices and quantities from Purchasing for matching invoices. Purchase price variances are used to update Inventory average costs.

All financial information is passed to the **General Ledger** through the **Financial Controller**. Financial entries are posted to the General Ledger.

Business Process Flow

The following business functions occur during the processing of POs:

- **Requisitioning**
Requisitioners of goods and services enter requisitions online in E-Procurement. After requisitions are approved, the PO is passed automatically to the buyer responsible for the commodity being requested.
- **Requisition approval**
Requisition approval routes are agency-specific and can include up to 10 approvers or a group approval process.

NOTES

- **Sourcing / RFQ / Quote**
Selecting the most appropriate vendor sometimes requires using the NCAS to create RFQs, post quotes, and evaluate quotes.
- **Creating a PO**
A PO is created by the buyer either by entering PO information directly or by converting a requisition to a PO.
- **Maintaining a PO**
Purchase order maintenance involves changing, closing, canceling, printing and deleting purchase orders.
- **Processing receipts/returns**
Matching received goods to receipts online. This process allows returns to be processed online.
- **Resolving exceptions**
Once the PO is created, receipts and invoices are matched against ordered quantities, and any exceptions are passed to the buyer for resolution.

The NCAS automatically checks for available funds at several points in the purchasing process:

- When a requisition is created or changed (change in quantity, unit price).
- When a PO line is created or changed (change in quantity, unit price, sales tax, freight and other charges).
- When an invoice is processed (change in quantity, unit price).

The following occurs after a requisition passes the funds check:

- Funds are set aside or **committed**.
- Commitments are posted on the AFF as a memo balance, but are not posted to the GL.
- Funds checking:
 - Prevents the requester from overspending.
 - Provides an accurate available funds balance.
 - The available balance for every accounting combination can be viewed on the *Available Funds Inquiry (162)* screen in the Budgetary Control module.

The following occurs when a requisition is converted to a PO:

- The commitment is reversed, and the NCAS automatically reserves the PO line amount as an **encumbrance**, which is posted to GL accounts 83XXXX.
- As POs are created, modified, deleted, or canceled, these encumbered amounts update the AFF immediately.

- When a vendor's invoice is matched to a PO, the NCAS reverses the PO line encumbrance (83XXXX) and encumbers the amount of the invoice line (03XXXX). The invoice line also includes the invoice amount (which may vary from the PO), actual tax, freight and any additional costs.

NOTES

Policies and Procedures

State Procurement Policy

Statewide sourcing requirements include:

- **State term contract (STC)**
For items on STC, regardless of PO amount, the agency does not have to request quotes. STCs have been negotiated by the Division of Purchase & Contracts (P&C). Agencies simply purchase the item from a pre-approved vendor. STC items and approved vendors are accessed via E-Procurement catalogs.
- **Greater than delegation limit**
Purchases over an agency's delegation limit must be bid through P&C. P&C solicits quotes from vendors and the Board of Awards approves the awarding of the purchase.
- **Between \$5,000 and delegation limit**
All purchases between \$5,000 and an agency's *delegation limit* (usually \$10,000) require proof of competitive bidding.
- **Less than \$5,000**
For purchases totaling less than \$5,000, the state does not require proof of competition. This allows agencies to set their own criteria as to whether competition is required and how the vendor is selected.
- **Procurement card**
State agencies may use the procurement card for purchases up to \$2,500. They may also lower purchasing limits established within their agency.

NCAS Purchasing Policy Hierarchy

The NCAS Purchasing policy hierarchy is a series of default layers in which controls are set. The more general policies are set in the layers at the top of the hierarchy, and the more specific policies are set at the bottom of the hierarchy.

The defaults, or statewide standards, are set at the buying or paying entity. The controls established in the hierarchy direct error messages and subsequent processing steps.

NOTES

Each agency's standard purchasing policies are incorporated by utilizing the override levels. It is at this level that the buyer can alter previously established controls as necessary.

A **buying entity** is a code telling the NCAS:

- The buying agency's
 - Address
 - Phone number
- The type of purchase
 - Goods
 - Services
 - Other

Buying entities have the following structure:

XX = Agency identification number

BG = Buying Goods
EG = E-Procurement Buying Goods

BS = Buying Services
ES = E-Procurement Buying Services

A **paying entity** is a code telling the NCAS:

- The paying agency's
 - Address
 - Phone number
- The type of vendor/transaction
 - Trade vendors
 - Employee vendors
 - Non-trade vendors

Paying entities have the following structure:

XX = Agency identification number

PT = Paying trade vendor transactions
PE = Paying employee vendor transactions
PN = Paying non-trade vendor transactions

The *Buying Entity Defaults (BED)* screen establishes controls that cause the Purchasing module to audit invoices and receipts.

When the receiving record is created, the receipt is compared to the purchase order to check for discrepancies in the following:

- Quantity
- Delivery date
- Delivery location

Similar price discrepancy checks are performed when matching purchase orders to vendors' invoices.

NOTES

The receiving and invoicing controls set at this level of the policy hierarchy can be overridden at lower levels of the policy hierarchy.

Policies established at the buying and paying entity levels apply to the majority of transactions. It should be noted, however, that the buyer has the ability to override these policies when appropriate.

The *Paying Entity Controls (PEC)* screen sets up policies that control the processing of invoices through the paying entity.

Policies such as:

- Default payment terms code
- General Ledger validation information
- Duplicate invoices by history

Benefits of the Purchasing Policy Hierarchy

Purchasing policy hierarchy ensures the consistent use of policy. Agencies can automatically and consistently apply general business policies to all transactions.

It reduces data entry. Because information defaults to all related transactions, buyers enter less information and, therefore, are less likely to make mistakes.

It allows policies to be overridden. When exceptions occur, policy can be overridden when necessary by the buyer.

OSC controls the policy. The OSC defaults the model policy hierarchy (depending on the type of entity.) Agencies must request changes from the OSC. The OSC has access to all policy screens.

Audit Trail Data

Financial and audit trail data is passed from the Purchasing module to the GL via Financial Controller. Consistent data elements from requisitions and POs are passed from the Purchasing module to the Financial Controller based upon controls established on the *BGO* screen.

The OSC establishes the defaults for agencies on the *Buying Entity General Ledger Options (BGO)* screen that cannot be altered.

The *Buying Entity General Ledger Options (BGO)* screen does the following:

- Establishes controls for editing and validating general ledger information.
- Establishes the format and controls of posting transactions for purchase orders.

NOTES

Entity Numbering

Buying and paying entities are assigned from the first two digits of an agency's company number. For example:

- The General Assembly (01)
- Department of Public Instruction (08)
- Office of the State Controller (14)
- Department of Correction (42)

These numbers are combined with established buying and paying entities to create an entity number. For example:

- General Assembly buying entity for goods (01BG)
- Department of Public Instruction buying entity for services (08BS)
- Office of the State Controller paying entity for trade vendor transactions (14PT)
- Department of Correction paying entity for employee vendor transactions (42PE)

Information about an agency's additional buying and paying entities is available online. There are also two reports that provide this information:

IE HELPDSK (C-U-CC-PAYING-ENTITY-LIST) Library: CCPUBLIC
This report shows all agency paying entity numbers with a corresponding default payment method code.

IE HELPDSK (C-U-CC-BUYING-ENTITY-LIST) Library: CCPUBLIC
This report shows all buying entities for all agencies.

◆ See the **SIG** for a complete listing of agencies by their **company numbers**.

http://www.ncosc.net/sigdocs/sig_docs/sigNCAS_Data_Elements.html

Data Elements

There are two master NCAS purchasing data elements:

- Statewide Trade Vendor File
- Statewide Item File

Master Files

The OSC maintains vendor and item information. The Statewide Trade Vendor File information is used to create POs and RFQs. The Statewide Item File information is used to create POs, RFQs, requisitions, and inventory usage orders.

STATEWIDE TRADE VENDOR FILE

All companies or individuals who receive payment for goods and services are considered vendors. This includes non-trade vendors and employees.

NOTES

The Statewide Trade file is maintained by OSC. This ensures the quality of information and avoids duplication of vendors. Requests for additional vendors are performed online. Inactive vendors are purged after 18 months.

The Statewide Trade Vendor File is shared by all agencies and can be accessed by requesters and buyers on a statewide basis.

Employee vendors are agency-specific and cannot be accessed statewide (expense reimbursements, travel advances). These vendors are maintained by the individual agencies.

A vendor questionnaire is mailed to every new statewide trade vendor. The questionnaire is used to verify or get additional information about the vendor (e.g., minority status, 1099 status, county location). It ensures a high quality of information. This information is verified and entered by the OSC staff.

The *Vendor Setup (VSU)* screen is used by buyers to establish and maintain vendor name and address information. This information is sent to the NCAS Support Services Center. Vendors are then set up within paying entities.

STATEWIDE ITEM FILE

The OSC maintains the Statewide Item File. This ensures consistent and detailed item descriptions by checking:

- P&C commodity code number
- Non-brand name descriptions

With the use of the Statewide Item File, duplication of item information is avoided. There are up to 10 item alternate names for each item to aid in locating items. Agencies request the addition of permanent items using the Permanent Item Request form. The Item File can be accessed by requesters and buyers on a statewide basis.

The Statewide Item File contains permanent and generic items. **Permanent items** have specific descriptions attached to them from the Statewide Item File. **Stock items** are a subset of permanent items. They are used on purchasing transactions to replenish warehouse stock. These items should only be used for inventory transactions. Stock items are indicated by a "STCK" designation. **Generic items** have general item descriptions (from Purchasing and Contract) and require that the requester or buyer specify the item's description. Generic items are indicated with a "G" in the first position of the item number.

Transaction Processing

Most of the transaction processing for the Purchasing module is now performed in the E-Procurement system.

NOTES

Requisitioning

Most requisitions are originated in the E-Procurement system. After approval, they become purchase orders in the E-Procurement system. Only a minute portion of requisitions are created in NCAS.

Requester and approver definition screens are limited to authorized requesters and approvers. Those authorized personnel are further limited to specified buying entities and accounting distributions.

The AFF checks to ensure funds are available for requisitions.

Requesters establish the maximum requisition amount for each requester. This allows requesters to have more than one requester ID, which allows item or amount types to have different approval paths.

Each requester ID can have a maximum of up to 10 approvers for a requisition or they can have group approval. The system automatically routes each requisitioned item to the appropriate agency buyer.

Purchase Order Creation

In a direct PO, all of the required information is entered by the buyer in order to create the PO header, lines, and comments. Throughout the requisition-to-purchase order process, the buyer is able to transfer information already entered by the requisitioner. Information (such as item number, quantity required, date required, and an accounting distribution) is used in order to create the PO line. Information from posted quotes can also be used to create the PO line. This process is used almost exclusively to create POs from online E-Procurement requisitioning.

ACCOUNTING RULES

PS/02 Reserved Rule - Encumbrance

This accounting rule encumbers funds in FC and GL.

Account Keyed	Center Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1XXXXXXXXXXXX	1	8XXXXXXXXXXXX	XXXXXXXXXXXXX	No
		2	830000	XXXX	Yes

X = data originally entered

PS/02 is the basic accounting rule applied during the creation of a PO. It is applied to an accounting distribution when the first digit of the center begins with a 1.

Accounting rules C2 and D2 have a similar effect on accounting distributions:

- Accounting rule C2 is applied when the first digit of the center begins with a 4.

- Accounting rule D2 is applied when the first digit of the center is any number *other* than a 1 or a 4.

NOTES

Accounting rules are often company (agency) specific. The NCAS applies company-specific accounting rules first. If there are no company-specific accounting rules, the NCAS will then apply the accounting rules from company 9999.

CONTROLS

Security

PO entry screens are limited to authorized agency purchasing agents.

Available funds checking

The AFF checks to ensure funds are available for each purchase order line.

Buyer controls

The maximum amount for a new buyer may be limited to a certain dollar amount.

Buying entity controls

All policy defaults appropriate to a particular transaction will be applied.

Purchase Order Maintenance

The same accounting rules that applied to creating a PO also apply to maintaining a PO. When the original PO is modified, a reverse transaction unencumbers the original funds and encumbers the funds for the new transaction.

PURCHASING ACCOUNTING RULES

PS/02 Reserved Rule - Encumbrance

Encumbers funds in FC and GL

Account Keyed	Center Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1XXXXXXXXXXXX	1	8XXXXXXXXXXXX	XXXXXXXXXXXX	No
		2	830000	XXXX	Yes

X = data originally entered

PS/02 is the basic accounting rule applied during the creation of a PO. It is applied to an accounting distribution when the first digit of the center begins with a 1.

NOTES

Accounting rules C2 and D2 have a similar effect on accounting distributions:

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- Accounting rule D2 is applied when the first digit of the center is any number *other* than a 1 or a 4.

Accounting rules are often company (agency) specific. The NCAS applies company-specific accounting rules first. If there are no company-specific accounting rules, the NCAS will then apply the accounting rules from company 9999.

RECEIVING CONTROLS

Receivers enter receipts online for received items and send the receipt electronically to Accounts Payable.

Automatic checking of PO information

- Ship-to information established by the buyer on the PO.
- Number of items ordered, specified by the buyer on the PO.
- Required date items are needed, specified by the buyer on the PO.

Receipts with discrepancies in location, quantity, or date are held for the buyer to resolve.

RECEIVING BUSINESS FUNCTION

Receiving goods online makes receiving information available immediately to Accounts Payable. It allows AP clerks to perform three-way matching (PO to receipt to invoice) which is critical for ensuring prompt payment to the vendor. Online receipt of goods also automatically updates the inventory on-hand quantity for stock items.

Once goods have been received online, the buyer is then able to return goods to the vendor as needed. Receipt information is audited against PO information. Invoice is automatically matched to purchase order and receipt information.

Processing receipts and returns of stock items updates the inventory asset and reserve balances.

RECEIPTS/RETURNS CONTROLS

Established receiving/return policies ensure that both are dealt with in a systematic manner.

The NCAS receiving policy mandates that receivers are only able to accept and act upon those POs with no problems or those that have only a warning message. For example, if items are sent to the wrong location, a receiver would not be able to accept it if the policy did not allow items to be delivered to the wrong location.

POs with exceptions (due to established receiving controls) are sent to the buyer for resolution. For example, an exception would arise if the number of items received exceeded the number of items ordered by a certain percentage or number.

NOTES

Receivers record receipts online.

Only buyers can return items to a vendor by following agency-specific guidelines.

AUDIT TRAIL

The sequence of transactions in the Purchasing module can be traced back as follows:

- Receipt which references the PO number
- Purchase order which references the quote number, if a quote was used to create the PO. It also references the requisition number, if the PO was created from a requisition.
- Quote which references the RFQ number, if posted in response to an RFQ
- RFQ which references the requisition number, if the RFQ was created in response to a requisition
- Requisition that began the process

Benefits of Online Purchasing

- Online validation of data entered, such as item numbers, improves the accuracy of information.
- Buyers do not have to re-type information from the requisition when converting a requisition to a PO.
- The physical paper required to complete requisitions is eliminated.
- Improved ability to determine the status of a requisition throughout the purchasing process is enhanced.
- Lead time is reduced during requisitioning.
- Vendor quote history is saved during sourcing.
- Printing capabilities are available during PO maintenance.
- Automatic AP matching occurs during the processing of receipts and returns.
- Consistent receipt controls are applied during the processing of receipts and returns.
- Exceptions are resolved by the buyer during the processing of receipts and returns.

Batch Nightly Processing

POs can be printed at night, in batch, or can be printed from X/PTR.

NOTES

Exception Processing

There are three types of exceptions in the Purchasing system:

- Budgetary Control exceptions
- Receipt exceptions
- Invoice exceptions

Budgetary Control Exceptions

Why do they occur?

BC exceptions occur when the AFF finds that funds do *not* exist for a particular transaction or an invalid accounting distribution has been chosen. Defaults that lead to a budgetary exception are established on the *Buying Entity Defaults (BED)* screen.

Resolving budgetary exceptions are agency-specific. The preferred method of resolving budgetary exceptions is to pass the line to the *Budgetary Control Queue (BCQ)*.

Who resolves them?

Passing a line to the *BCQ* typically means sending it to the agency budget officer. The *BCQ* will hold the line until the budget officer resolves the exception.

How are they resolved?

Depending on the situation, the agency's budget officer may elect to:

- Transfer funds
- Authorize the exception
- Reduce the order amount
- Select the correct accounting distribution
- Add accounting distribution
- Reject transaction

Receipt Exceptions

Why do they occur?

A **receipt exception** occurs when a receiver cannot process a receipt any further because of established receipt controls. Receipt controls are applied to PO lines to restrict the receiver to accept only a specified quantity of goods within a specified time frame at a specified location. Receipt controls include:

- % tolerance over and % tolerance under
- Delivery point check
- Early delivery accepted and early days allowed

When the receiving record is created, the receipt is compared to the purchase order to check for discrepancies in the following:

NOTES

- Quantity
- Delivery date
- Delivery location

Similar price discrepancy checks are performed when matching purchase orders to vendors' invoices. The receiving and invoicing controls set at this level of the policy hierarchy can be overridden at lower levels of the policy hierarchy.

Who resolves them?

Receivers place exceptions on hold for the buyer to resolve when:

- The PO line is not available for receiving or it cannot be located
- A warning or exception occurred during receipt processing

How are they resolved?

Buyers can resolve receipt exceptions in one of the following ways:

- Close the PO line to receiving
- Delete the receipt
- Send the receipt to the hold queue
- Ignore any warnings and apply the receipt to the PO line
- Increase the tolerance on the PO line

Invoice Exceptions

Why do they occur?

An **invoice exception** occurs when an AP clerk cannot process an invoice any further because of invoice header or invoice detail controls. Invoice header controls restrict the ability of the AP clerk to pay for charges such as freight, sales tax or value added tax/VAT and additional costs. Invoice detail controls allow the AP clerk to only pay prices within a specified range and to pay only specified charges (tax/VAT, additional costs) for a particular PO line.

Invoice header controls include:

- Vendor match required
- Tax/VAT authorized
- Freight charge authorized
- Additional cost authorized
- Payment basis
- Unit price tolerance
- Extended value tolerance

NOTES

Similar price discrepancy checks are performed when matching purchase orders to vendors' invoices. The receiving and invoicing controls set at this level of the policy hierarchy can be overridden at lower levels of the policy hierarchy.

Who resolves them?

Buyer

How are they resolved?

Buyers can resolve an exception due to an incorrect invoice by instructing the AP clerk to do one of the following:

- Pay the invoice with a debit memo for the amount of the exception
- Hold the invoice for a credit memo from the vendor
- Select the invoice for additional processing

Buyers can resolve an exception due to incorrect data on the PO by instructing the AP clerk to do one of the following:

- Pay the invoice as is
- Pay the invoice as is and alter the PO to match the invoice

Information Access

Inquiry capabilities exist for requisitions, RFQs, quotes, and POs. Reports are available in the following categories:

- Accounting Reports
- Action Reports
- Audit Reports
- Batch Processing Reports
- Forms
- Listings
- Maintenance Reports
- Management Reports
- Policy Reports
- Status Reports

Standard reports are available in addition to ad hoc reporting.

DSS views provide information on open documents and are organized by account or by requester/vendor.

Key Reports

NOTES

STATUS

The **Listing of POs Not Closed to Invoicing** report (REPORT01) shows receipt payment basis POs that may need to be manually closed to invoicing. Any invoice lines that exceed the PO line tolerances will be listed on this report. It is sorted by buying entity, by PO number, and then by PO line number. This report is located in IE report series C-U-AP-INVOICE-STATUS.

Library: APPUBLIC

The **Listing of Signature Payment Basis PO Lines that are Partially Paid and Not Received** report (PSOPEN) lists PO lines that may need to be closed to receiving. The PO lines listed on the report are only partially paid and are not closed to invoicing. As a result, these lines are not automatically closed to receiving. This report is located in IE report series C-U-PS-OPEN-ORDERS.

Library: PSPUBLIC

AUDIT

All of the following reports are located in the PSPUBLIC library.

The **Listing of Requisitions by Accounting Distribution** report (COMMIT01) is used to identify the open requisition lines included in the AFF committed funds balance. The report lists the amount of the commitment remaining on the AFF for each requisition line, sorted by company, account, center and requisition. This report is located in IE report series C-U-PS-COMMITMENT-LISTING.

The **Funds Exceptions Report** (REPORT01) is used by some agencies as a memo to communicate funds exceptions in various centers. For each center, the report lists all POs with funds exceptions. This report is located in IE report series C-U-PS-FUNDS-EXCEPTIONS.

The **Listing of Purchase Orders by Account Distribution** report (BYACCT) lists each open purchase order line, vendor, item description, and amount of encumbrance remaining on the AFF, sorted by account number. This report is located in IE report series C-U-PS-PO-ENCUMBRANCE.

The **Listing of Purchase Orders by Center** report (BYCENTER) lists each open purchase order line, vendor, item description, and amount of encumbrance remaining on the AFF, sorted by center. This report is located in IE report series C-U-PS-PO-ENCUMBRANCE.

The **Listing of Purchase Orders by Vendor Short Name** report (BYVEND) lists each open purchase order line, vendor, item description, amount of encumbrance remaining on the AFF, sorted by vendor short name. This report is located in IE report series C-U-PS-PO-ENCUMBRANCE.

◆ *A sample of each of these reports is available on the **SIG***

Accounts Payable

Overview

The NCAS Accounts Payable (AP) module enables the AP department to add batches of AP documents online. A set of batched documents is referred to as a **control group**.

There are four types of AP documents:

- A **direct invoice** does not have a corresponding PO. Examples of a direct invoice include utility bills, magazine subscriptions, etc.
- A **matching invoice** is matched online to a PO and a receipt.
- An **employee advance** records advances extended to an employee.
- An **employee expense reimbursement** records expense reimbursement requests. If required, the expense can be matched online to an advance previously issued to the employee.

In AP you can adjust a previous payment using either a debit memo or a credit memo. A **debit memo** is an internal document issued by an agency to adjust a previous invoice. A **credit memo** is a document issued by the vendor to adjust a previous invoice.

AP can process checks including:

- Requesting check runs
- Printing automated and manual checks
- Canceling checks
- Requisitioning cash
- Reconciling checks against the State Treasurer statement

AP handles special processes including:

- *Processing 1099 vendors*: 1099 vendors and transactions can be processed in the NCAS.
- *Backup withholding*: The NCAS allows for withholding a percentage of a payment for taxes to comply with state and federal requirements.
- *Refund of expenditures*: Agencies may use the AP module to record refund of expenditures. This method is used by agencies that report payments to vendors net of refunds received.
- *Factoring vendor payments*: Factor vendors can be established in the NCAS. Payments are factored directly to these vendors.
- *Making end of year adjustments*: During GAAP conversion from cash to accrual basis, accrual invoices are processed in the NCAS.
- *Sales tax reporting* (if required): When a county code is entered during document processing, the NCAS splits sales tax between the state and the counties. A periodic report provides county sales tax details.
- *Non-resident aliens*: Non-resident aliens are recorded and tracked for tax purposes.

NOTES

Integration with Other Modules

NCAS Model

The AP module interacts with the several other NCAS modules.

Purchase order information (e.g., item, quantity, unit price, accounting distribution) from the **Purchasing** module is used when matching invoices.

As documents are entered, the system automatically checks the **Budgetary Control** module to see if funds are available for a payment. The Budgetary Control module contains the Available Funds File (AFF).

All financial information is passed to the **General Ledger** through the **Financial Controller**. Financial entries are posted to the General Ledger.

Payments made for invoices using fixed asset account numbers will trigger the **Fixed Asset** interface to populate fields with pertinent information in the Fixed Assets module.

Price variances between the invoice unit price and the PO line unit price for stock items are used to update average costs in **Inventory** and asset balances in **General Ledger**.

Business Process Flow

In the NCAS, the AP department performs the following functions:

Batching documents

Receiving and categorizing documents into control groups is the first step in the AP cycle. Documents are typically grouped according to the type of the document (e.g., direct invoices, employee reimbursements). After documents have been categorized into groups, they are batched into small manageable groups of 15 to 40 documents, the control group is totaled and then the documents are keyed into the system.

Processing AP documents

After keying in the control group, individual documents are entered in the NCAS. Only employee advances are *not* entered in control groups.

Each type of document (direct invoice, matching invoice, employee advances and employee reimbursements) has its own processing screen.

In this step, the NCAS matches documents online. Matching invoices are matched to POs and/or receipts to prevent overpayment. Employee expenses can be offset against previously issued advances.

Once documents have been processed, the NCAS can calculate the payment due to a vendor based on the data entered into the system.

Adjusting payments

Once documents have been entered in the NCAS, payments can be adjusted by issuing a debit or a credit memo. Debit/credit memos are entered on the separate screens corresponding to the type of document (direct or matching invoice, employee reimbursement) being adjusted.

Processing checks

Once documents and any adjustments have been processed, the NCAS prints checks to pay the vendors. Check runs may be requested to run daily, weekly or at a frequency decided by each agency. Additionally, AP management can cancel checks before or after printing, requisition cash and reconcile checks against the State Treasurer statement. NCAS also processes electronic payments.

Maintaining AP documents

The NCAS allows the AP department to change, delete or cancel documents if information has changed or was initially entered incorrectly.

Handling special AP processes

The NCAS accommodates functions and processes requiring special attention from the AP department. These functions include processing and reporting 1099 information to the IRS, withholding state and federal taxes from payments, factoring vendor payments, making end-of-year adjustments, sales tax reporting, and processing refunds of expenditures.

Policies and Procedures

Accounts Payable policies fall into two main categories; Statewide policies and NCAS Policy Hierarchy.

Statewide Policies

Cash requisitioning

The Cash Management System is used to requisition cash in order to cover printed checks. Cash is requisitioned by requesting OSC-Cash Management to transfer funds from one account to another.

The following documents help to calculate the amount of cash requisitioned:

- The **GL Cash Distribution Report** (discussed later in this section)
- The **Check Register**
- The *Period Ending Balances and Activity for Year (GL-016)* screen

NOTES

NOTES

Checks are not released before authorization is obtained from the Cash Management System. An interface exists between the NCAS and the Cash Management System.

Security

The OSC recommends the following security policies:

- Locking up signature and font cartridges when not in use
- Separation of check printing responsibilities: for example, the individual who clears the audit file should not be the same as the person who prints checks
- Restricted access to payment-cycle request screens and check-writing software

◆ *Refer to the Security Administrators' Workshop manual for details of the recommended screen access for various AP personnel.*

NCAS AP Policy Hierarchy

The AP hierarchy represented above provides the policy and the defaults for direct invoices and employee reimbursements.

The buying/paying entity level, the vendor definition level and the item definition levels are common to the AP and the Purchasing hierarchies. These levels were explained in the *Purchasing* section of this course.

The control document level allows the AP clerk to establish/override defaults for a specific control group. This default applies to the entire control group unless overridden at the invoice header or invoice line level.

At the invoice header level, the AP clerk can establish defaults for a particular invoice. The invoice defaults applies to all the invoice lines unless overridden at the invoice line level.

The invoice line level allows the AP clerk to override defaults for that particular invoice line. This is the last level at which policy can be overridden in the AP module.

The structure of the AP policy hierarchy is similar to the Purchasing hierarchy:

Default policy layers

The hierarchy is a series of default layers in which controls are set. The more general policies are set in the layers at the top of the hierarchy, and the more specific policies are set at the bottom of the hierarchy.

Statewide standards

The defaults, or statewide standards, are set at the buying or paying entity.

Error messages

The controls established in the hierarchy direct error messages and subsequent processing steps.

NOTES

Override levels

Each agency's standard AP policies are incorporated by utilizing the override levels. It is at this level that the AP clerk can alter previously established controls as necessary.

Matching invoices

The AP policy hierarchy for matching invoices is represented above.

Integrated with purchasing hierarchy

The AP policy hierarchy is an example of how the modules in the NCAS are integrated. The AP hierarchy is integrated with the purchasing hierarchy to provide additional default layers.

Provides additional default layers and controls

The integrated hierarchy reduces keystrokes for the AP clerk because PO information defaults to the invoice. The AP clerk does not have to type it in.

Additionally the integrated hierarchy allows the AP clerk to match invoices to POs online. Controls are established by the buyer on the PO in the Purchasing module. The integration of the hierarchy (and the NCAS) allows the AP module to apply all the relevant controls and policies from purchasing to a given invoice. Therefore, manual matching is not required.

Payment terms

Refer to payment terms example in the *Purchasing* section of the course. Payment terms of net 30 were set up at the paying entity level.

Payment terms of 2%/10 were established at the vendor definition level for a specific vendor. The buyer negotiated a discount with that vendor. If the invoice is paid within 10 days, the vendor will give a 3% discount.

If the vendor's invoice arrives with more favorable payment terms of 3%/20, the AP clerk can override the terms entered by the buyer. The AP clerk overrides the payment terms on the following screens:

- *Invoice Worksheet 1T (IWS-1T)* screen for direct invoices
- *Invoice Matching (IMP)* screen for matching invoices

Policies established at the buying and paying entity levels apply to the majority of transactions. It should be noted, however, that the AP clerk has the ability to override certain policies.

NOTES

Advantages of the AP Policy Hierarchy

The advantages of the AP policy hierarchy are similar to those of the purchasing hierarchy:

- Ensures consistent use of policy: Agencies can automatically and consistently apply general business policies to all transactions.
- Reduces data entry: Because information defaults to all related transactions, the AP clerks enter less information and, therefore, are less likely to make mistakes.
- Allows policies to be overridden: If default information does not apply, it can be overridden for particular transactions.
- OSC controls: The OSC defaults the model policy hierarchy (depending on the type of entity). Agencies must request policy changes from the OSC. The OSC has access to all policy screens.

Audit Trail Data

Financial and audit trail data is passed from the Accounts Payable module to the GL via Financial Controller. Consistent data elements from invoices are passed from the AP module to the FC based upon controls established on the *GLI* screen.

The OSC established the defaults for agencies on the *GLI* screen that are statewide standards.

The *General Ledger Interface Options (GLI)* screen provides accounting options and defaults that the system uses when updating and extracting distributions to the General Ledger. The General Ledger interface requirements are established for each paying entity.

FIELD NAME	DESCRIPTION
GL EXPENSE SUMMARY	N (Detailed entries should be posted to the GL for accounts that are not defined on the mini-chart. However, this value is overridden in FC. Detailed information is passed to FC, which is then summarized to the GL.)
DESCRIPTION 1	3 (The first line of the GL description contains the buying entity, PO number, and item number.)
DESCRIPTION 2	8 (The second line of the GL description contains the payment reference number.)
DESCRIPTION 3	3 (The third line of the GL description contains the first 10 positions of the vendor's short name.)
SOURCE CODE	2 (Indicates that the entry originated in a control date and control number.)

Data Elements

NOTES

Control group

Each AP document is located within a control group that mirrors the way that documents are filed. Physically, AP documents should be filed by control group to facilitate retrieval. Each agency decides how its control groups will be numbered.

Mini COA

Certain commonly used accounting distributions (e.g., office supplies) have three-character codes attached to them. During document processing, the AP clerk can enter the three-character code instead of the entire accounting distribution. Based on the code entered, the NCAS will default the appropriate accounting distribution. The *Mini Chart-of-Accounts List (MCL)* screen lists the mini COA by paying entity.

BAP code

The **BAP code** represents the bank account and the type of payment method (e.g., check). Each bank account is required to have at least one unique BAP code. The BAP code ties the general ledger account to the bank account number. Checks are sorted according to BAP code.

Transaction Processing

Transaction processing in Accounts Payable involves the following activities or processes:

- Creating a control group
- Processing direct invoices
- Processing matching invoices
- Processing employee reimbursements
- Processing employee advances
- Processing debit/credit memos
- Creating a payment cycle
- Maintaining AP documents
- Handling special AP processes
- Batch processing

Creating a Control Group

Documents may be received and categorized differently depending on an agency's policies. Generally, documents are categorized by type within a paying entity. The types of documents are direct invoices, matching invoices, employee advances and employee expense reimbursements. However, a control group can contain different types of documents.

NOTES

Documents be grouped into control groups. OSC suggests that each control group contain 15 to 40 documents for easier batch management. A control group number is assigned to each control group. Some agencies may assign a range of control numbers to each AP clerk. Control numbers cannot be repeated on the same day.

The control group is totaled and a control group header sheet is completed. Each control group header sheet identifies the paying entity, the entry method (document type), control date, control number, the operator ID and the control group total. The control group header sheet is filed with the accompanying documents.

Once a control group is created in the NCAS, all the documents are keyed in. The structure of the control group in the system resembles a physical control group - each one contains a header and the accompanying documents.

After all the documents in a control group have been processed, the documents are filed by control number and date.

Employee advances are the only documents not entered in control groups. Employee advances are entered individually into the system.

After the documents are entered in the system, the system computes the total of the documents. A control group is considered to be **balanced** when the system total equals the control amount previously calculated by the AP clerk.

A control group must be balanced in order to finish processing documents. Balancing helps to detect keying errors because the system checks the control group total against the total of the documents entered in the system.

◆ *For additional information on creating control groups, refer to the Accounts Payable training course. (Selected content from this course is also available on the **SIG**.)*

The AP clerk calculates the dollar total of all the documents in a control group. This total is referred to as the **control amount**. The control amount is entered in the NCAS when a control group is created. The system calculates the total of all the documents actually entered in the system. This total is referred to as the **gross document amount**.

When a control group is balanced, the system checks to ensure that the control amount equals the gross document amount. The control group cannot be balanced unless these amounts are equal. If the control group does not balance, the AP clerk must verify that each document amount is correctly entered and that the initial control amount was calculated correctly. This control, therefore, helps to detect keying errors.

All AP information in FC has control group number and date.

After all the documents in a control group are processed, the OSC recommends that documents are filed by control group number and date.

NOTES

These data elements make it easy to physically locate any document because the system stores all transactions (invoices and expense reimbursements) by control group number and date.

Processing Direct Invoices

Direct invoices do not need to be matched to POs or receipts. Payments are made directly to the vendor.

Direct invoices are used only in limited transactions. POs are not generally issued for these transactions. Examples include rent, utility and phone bills, subscriptions.

A direct invoice can be set up to schedule payments for release on specified dates or at specified intervals. Payments can be equal or unequal.

Invoice models allow the AP clerk to create skeletal templates of recurring invoices with repetitive information. Save time and increase accuracy because the information does not have to be typed in every time the invoice has to be paid.

- ◆ *For additional information about direct invoices, refer to the Accounts Payable training course. (Selected content from this course is also available on the **SIG**.)*

ACCOUNTING RULES

The following accounting rule is used to encumber AP funds:

AP/02 AP Reserved - Encumbrance

AP/02 encumbers funds.

AP/02 is applied when the first digit of the center begins with 1.

Changes 53 (Actual Expenditure) to 03 (Encumbrance)

Account Keyed	Center Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1XXXXXXXXXXXX	1	0XXXXXXXXXXXX	XXXXXXXXXXXXXX	No
		2	030000	XXXX	Yes

X = data originally entered

Accounting rules **AP/C2** and **AP/D2** have similar effects on accounting distributions:

- AP/C2 is applied when the first digit of the center begins with 4.
- AP/D2 is applied when the first digit of the center begins with any number *other* than 1 or 4.

NOTES

CONTROLS

Agencies generally require a signature approval from the person who has authority over that budget area. The approver generally signs the invoice and provides the appropriate accounting distribution that the expense is charged to.

The NCAS also has a signature approval code (SAC) field to allow signature approval of invoices online. However, this field is not mandatory. The SAC field should not be confused with the signature payment basis for an invoice which is discussed in the *Matching Invoices* topic.

AUDIT TRAIL

Direct invoices are entered in control groups. Each direct invoice in the system has a control group number and date by which the invoice can be located.

The invoice record in the system can be matched against the actual invoice received from the vendor because the physical document is retained by the AP department.

Processing Matching Invoices

Matching invoices are used to pay vendors for goods and services provided to the state as a result of a purchase order.

A matching invoice references a PO and a receipt. The NCAS supports two-way (invoice to PO), three-way (invoice to PO and receipt) and four-way (invoice to PO and receipt and inspection) matching.

The NCAS allows the AP clerk to perform matching online. The AP clerk has all the information available online and does not need to match physical documents. The system checks all the information and lets the AP clerk know if there is an error on the invoice.

◆ *For additional information about invoice matching, refer to the Accounts Payable Matching training course. (Selected content from this course is also available on the **SIG**.)*

ACCOUNTING RULES

The following rule reverses the PO encumbrance for matching invoices:

AP/29 AP/PS Rule - Encumbrance

- AP/29 is applied when the first digit of the center begins with 1.
Changes 53 (Actual Expenditure) to 83 (PO Encumbrance)

Account Keyed	Center Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1XXXXXXXXXXXX	1	8XXXXXXXXXXXX	XXXXXXXXXXXX	No
		2	830000	XXXX	Yes

X = data originally entered

Accounting rules **AP/C9** and **AP/D9** have similar effects on accounting distributions:

- AP/C9 is applied when the first digit of the center begins with 4.
- AP/D9 is applied when the first digit of the center begins with any number *other* than 1 or 4.

The following rule creates the AP encumbrance:

AP/02, AP/C2, AP/D2AP Reserved - Encumbrance

Funds are encumbered using AP/02, AP/C2, AP/D2. These rules were previously explained in the *Direct Invoices* section of this module.

CONTROLS

Invoice controls

Invoice controls for matching invoices are established in the Purchasing module. The controls default from policy (buying entity level of the policy hierarchy). However, the buyer has ultimate responsibility for ensuring the appropriate invoice controls.

There are two types of invoice controls:

Invoice header controls apply to the entire invoice unless specified differently (i.e., overridden) for a particular invoice line. The PO header level (*PO Header 1* or *PH1* screen) is the last level at which invoice header controls are established/overridden.

Invoice detail controls apply to a particular invoice line. They override the controls established for the entire invoice. The PO line level (*PO Line 2* or *PL2* screen) is the last level at which invoice controls are established/overridden.

Vendor match required

Purchasing staff can indicate whether the vendor number on the invoice must match that of the purchase order. If purchasing indicates that the vendor number should match, and the AP clerk enters a vendor number that does not match the purchase order, then the system issues an error message.

NOTES

Freight/sales tax or VAT/additional cost authorized

Purchasing staff can indicate whether freight/sales tax or VAT/ additional cost on the invoice is acceptable. If purchasing indicates that such charges may not be added to the purchase order, and if the AP clerk enters such a charge during matching, the system will issue an error message.

Payment basis

The **payment basis** describes the conditions under which an invoice is matched to a PO.

There are four payment bases in the NCAS: purchase order, signature, receipt and inspection.

- Purchase order basis

The **PO payment basis** simply requires that the payment amount not exceed the PO amount plus any tolerances applicable to the PO.

- Signature basis

Similar to the purchase order basis, payment under the **signature basis** is also based on the quantity ordered. However, signature approval of the requester is required before the invoice can be paid.

North Carolina state agencies should use the signature basis as the payment basis for most purchases of services.

- Receipt basis

The **receipt basis** requires an item to be received before the payment can be made. The system will interrupt the invoicing process with an exception. The invoice cannot be paid until the invoiced items have been received and recorded in the NCAS.

- Inspection basis

Under the **inspection basis**, goods have to be inspected, accepted and finalized before the invoice can be paid. The system will not permit processing of the invoice until the inspection process has been completed in the NCAS. When the inspection process is completed in the NCAS, the goods are considered to be finalized.

For each invoice line, the system calculates an extended value that is the amount that may be paid for that invoice or invoice line. This amount is referred to as the **base permit-to-pay (base PTP)**.

The base PTP is calculated by multiplying the quantity by the PO unit price. This calculation is represented in the following equation:

$$\text{Base PTP} = (\text{Quantity}) \times (\text{PO Unit Price})$$

The quantity used in the base PTP equation is determined by the payment basis applied to the invoice as follows:

If payment is based on the purchase order basis or the signature basis, the base PTP is calculated using the quantity ordered.

$$\text{Base PTP} = (\text{Quantity Ordered}) \times (\text{PO Unit Price})$$

If the receipt payment basis is used, the base PTP is calculated using the quantity received minus the quantity returned.

$$\text{Base PTP} = (\text{Quantity Rec'd} - \text{Returns}) \times (\text{PO Unit Price})$$

If the inspection payment basis is used, the base PTP is calculated using the quantity of goods finalized.

$$\text{Base PTP} = (\text{Quantity Finalized}) \times (\text{PO Unit Price})$$

The system subtracts the invoiced-to-date amount from the base permit-to-pay amount for each PO line. The difference between the base PTP and the invoiced-to-date amount is the actual permit-to-pay (PTP) amount.

$$(\text{Base PTP}) - (\text{Invoiced-to-Date Amount}) = \text{PTP}$$

The PTP calculation prevents overpayment of the PO line and helps determine whether the price of an invoice, matched to the PO, is accurate and should be paid.

Unit price tolerance

The **unit price tolerance** is the amount and/or percent that, when added to or subtracted from the PO line unit price, determines the upper and lower limits of the price tolerance range. The invoice unit price must fall within this range to be acceptable for payment. If the unit price on the invoice falls outside of the range, an exception occurs and resolution is required before payment can be made.

The unit price tolerance can be set either as an amount and/or as a percentage of the PO line unit price. North Carolina uses both the unit price tolerance amount and unit price tolerance percent controls. The NCAS applies the more restrictive of the two ranges.

Extended value tolerance

The **extended value tolerance** indicates what amount of the base permit-to-pay (PTP) is allowed as a tolerance when the invoice line amount exceeds the PO line amount. This tolerance is checked only if the invoice line falls within the unit price tolerances. If the invoice amount exceeds the extended value tolerance range, an exception occurs and must be resolved before the invoice can be paid.

For example, the PTP for a PO line is \$2,000. If the extended value tolerance is set at \$100, an exception will occur if the invoice line amount is lower than \$1,900 or higher than \$2,100.

AUDIT TRAIL

The NCAS stores information about requisitions, POs and receipts which allows you to trace the information on the source documents for an invoice.

The control group number and date associated with each document enable you to easily locate the actual invoice that was received from the vendor. These invoices are filed by control group number and date.

NOTES

NOTES

Refer to the *Financial Controller Audit Inquiry (130)* screen to inquire on transactions. This screen was described in the *General Ledger/Financial Controller* section of this course under the *Information Access* topic. Other inquiry screens and reports can also provide useful audit information.

Processing Employee Expenses

The NCAS allows each agency to set up employee vendors in order to process reimbursements and advances. Expense reimbursements are entered on the *Employee Worksheet (EWS)* screen.

The NCAS allows agencies to process reimbursements with or without a previously issued advance. If necessary, an expense can be offset against an outstanding advance.

◆ *For additional information about employee expenses, refer to the Accounts Payable training course. (Selected content from this course is also available on the **SIG**.)*

ACCOUNTING RULES

The following accounting rule is used to encumber AP funds:

AP/02, AP/C2, AP/D2 AP Reserved - Encumbrance

The same accounting rules used for direct invoices also apply to employee reimbursements.

CONTROLS

Employees have to fill out a reimbursement request form in order to be reimbursed for expenses. This form has to be signed by the employee and his/her supervisor before the AP department will reimburse the employee.

Most agencies maintain separate paying entities for invoices and employee transactions. Common paying entities include:

- XXPT = *Trade* paying entity
- XXPN = *Non-trade* paying entity
- XXPE = *Employee* paying entity

The trade and non-trade paying entities are commonly used for invoices. XXPE or the employee paying entity is commonly used for employee expense reimbursements.

The type of payment to the employee is agency-specific policy. The most common form of reimbursement is direct deposit.

AUDIT TRAIL

Every employee reimbursement can be traced back to a reimbursement request form that is signed by the employee and his/her supervisor.

Documents are attached to the expense reimbursement. These documents may include expense receipts.

NOTES

Employee expenses are also entered in control groups. Each expense in the NCAS has a control group number attached to it. The signed requests are also filed by control group number and date, which makes them easy to locate.

Processing Employee Advances

Advances to employees can be processed in the NCAS. Employee advances are entered on the *Employee Advance Request (EAR)* screen. Employee advances are the only AP documents that are *not* entered in control groups.

Advances have two statuses in the NCAS. An expense cannot be offset against a **permanent** status. An expense is immediately offset against any open **temporary** advance.

The **Outstanding Employee Advance** report (AP-I0005 in X/PTR report group MM122-6) and the **Employee Expense Reconciliation Summary** report (AP-R0003 in report group MM122-6) help to track outstanding balances by employee.

◆ *For additional information about processing employee advances, refer to the Accounts Payable training course. (Selected content from this course is also available on the **SIG**.)*

ACCOUNTING RULES

The following accounting rule is used to post the expenditure for the employee advance:

AP/14 AP Reserved - Employee Advance

The original transaction is posted to the General Ledger.

Account Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1	XXXXXXXXXXXX	XXXXXXXXXXXX	No

CONTROLS

Employees have to fill out an advance request form in order to receive advances. This form has to be signed by the employee and his/her supervisor before the AP department will issue the advance.

Employee advances are also entered within the employee paying entity (XXPE).

Every employee advance can be traced back to an advance request form that is signed by the employee and his/her supervisor.

NOTES

The **Outstanding Employee Advance** report (AP-I0005 in X/PTR report group MM122-6) and the **Employee Expense Reconciliation Summary** report (AP-R0003 in report group MM122-6) help to track outstanding balances by employee.

Debit and credit memos are issued to adjust payments made to vendors and employees. A **debit memo** is an internal document issued by the agency. A **credit memo** is an adjustment issued by the vendor.

Debit/credit memos are entered on the different AP screens (*Invoice Worksheet, Invoice Matching, Employee Worksheet*) corresponding to the type of document (direct invoice, matching invoice, employee expense) being adjusted.

The AP clerk does not have to enter a debit/credit memo as a negative number. The NCAS automatically reverses the sign on the amount when a debit/credit memo is indicated. If the AP clerk forgets to indicate a debit/credit memo, the system will not reverse the sign on the amount.

If the debit/credit memo is issued within the same payment cycle as the check, then the check will be issued for the net amount.

- ◆ *For additional information about processing debit/credit memos, refer to the Accounts Payable course. (Selected content from these courses is available on the **SIG**.)*

ACCOUNTING RULES

Debit/credit memos are posted with a reverse sign from the original accounting entry. The rules discussed for direct invoices, matching invoices and employee reimbursements apply.

- Direct invoices and employee reimbursements

AP/02, AP/C2, AP/D2 AP Reserved - Encumbrance

- Matching invoices

AP/02, AP/C2, AP/D2 AP Reserved - Encumbrance

AP/29, AP/C9, AP/D9 AP/PS Rule - Encumbrance

CONTROLS

The vendor's credit memo acts as a control in this process. The internal debit memo is also a control in that it must be authorized by the buyer and/or a member of AP management.

AUDIT TRAIL

The AP clerk should not enter a credit memo in the system until the vendor's credit memo has been received.

The AP clerk should not issue a debit memo unless instructed to do so by the buyer or a supervisor. These instructions should be recorded in some form (e.g., debit memos should be properly documented). The buyer's instructions display on reports such as the **AP Action Report** and can be accessed online on the *View Exception Comments (VEC)* screen. These instructions or reports will be attached to the invoice.

NOTES

Debit and credit memos are also entered in control groups. The NCAS attaches the control group number and date to each debit/credit memo which helps locate the actual documents. Debit/credit memos reduce the control group's balance.

Creating a Payment Cycle

A payment cycle is created each time that checks are generated. A payment cycle can be created by requesting a check run. A payment cycle can be set to run daily, weekly or at a frequency decided by each agency.

After requesting a check run, controls are set up to determine which checks will be printed. These controls are discussed in more detail later in this section.

The checks will be printed after the eligible invoices are extracted in nightly production.

- ◆ *For additional information about generating checks and check-writing policy, refer to the AP Management or the Check Printing Basics training course. (Selected content from these courses is also available on the **SIG**.)*

ACCOUNTING RULES

In reversing the AP encumbrance, the original AP encumbrance rules apply:

- Direct invoices and employee reimbursements
AP/02, AP/C2, AP/D2 AP Reserved - Encumbrance

- Matching invoices
AP/02, AP/C2, AP/D2 AP Reserved - Encumbrance

AP/29, AP/C9, AP/D9 AP/PS Reserved - Encumbrance

These rules have been explained previously in this course.

The following accounting rules are used to expense the payable:

- Invoice
AP/01 AP Reserved - Expense
Automatically assigned by the NCAS

NOTES

Account Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1	XXXXXXXXXXXX	XXXXXXXXXXXX	No

- Employee Advance

AP/14 AP Reserved - Employee Advance

Described earlier in *Processing Employee Advances*

The following accounting rule is used adjust the appropriate cash account:

AP/05 AP Reserved - Cash

AP/05 is used when the center number begins with a 1.

Account Keyed	Center Keyed	Sequence Number	Accounts Posted	Center Posted	Rvrs DR/CR
53XXXXXXXXXX	1XXXXXXXXXXXX	1	53XXXXXXXXXX	1XXX	No

Accounting rules **AP/C5** and **AP/D5** have similar effects:

AP/C5 is used when the center number begins with a 4.

AP/D5 is used when the center begins with a number other than 1 or 4.

CONTROLS

Access to payment-cycle request screens and check-writing software (including passwords) is restricted to a limited number of personnel in each agency. Ensure that signature and check image cartridges are secured when not in use.

Payment entity cycle controls establish the following:

- The paying entities which must be included in the payment cycle
- The dates (current pay date and next pay date) used to determine which payments are eligible to be generated
- The date to be printed on the check (payment date) which also designates the GL effective date of the accounting entries

Bank cycle controls determine the beginning and ending check numbers to be printed for each bank account payment (BAP) code for each payment cycle. They also allow for a break in the check-numbering sequence for each BAP code in the current payment cycle.

AUDIT TRAIL

NOTES

In the NCAS, the audit trail for checks and payments consists of several reports and online inquiry screens. Some of the key reports and inquiry screens are listed below.

Reports

- The **System Payment Register by Entity Report** (AP-P0006) provides a list of payments, by vendor number for each paying entity. Additional detail about this report can be found later in this chapter.
- The **System Payment Register by Bank Account Payment Code Report** (AP-P0007) provides a list of payments, by payment number, during a specific payment cycle.

Online inquiry

- The *Payment List (PYL)* screen displays summary information about payments, by payment number. Additional detail about this screen is available later in this section.
- The *Invoice by Payment Reference Number (IRL)* screen lists all the documents associated with a specific payment.

The system maintains a full audit trail of every transaction. From a check, a transaction can be traced back to its original source requisition.

Maintaining AP Documents

If a control group has not been balanced, additional documents can be added to it.

Invoices and reimbursements may be modified, but with limitations. For example, the gross amount on a balanced or paid invoice cannot be changed.

A control group can be deleted if it does not contain a document that needs to be paid. A control group can only be deleted after all the documents within it have been deleted. A document can be deleted only on the same day that it was originally entered in the NCAS. The system does not keep a record of deleted documents.

A document must be *canceled* if it needs to be deleted on a day other than the day it was entered in the NCAS.

- ◆ *Refer to the Accounts Payable training course for more information on the permissible changes to invoices and reimbursements. (Selected content from this course is also available on the **SIG**.)*

A document can be canceled before or after it has been paid. The NCAS creates an audit trail for a canceled document.

A control group can be balanced only if all the documents within it are balanced. A control group cannot be balanced if there are any outstanding errors on documents.

NOTES

ACCOUNTING RULES

The modification/deletion of an AP document uses the same accounting rule that was applied in the original processing. The system actually backs out original entry and enters the new one. The system will not make an entry just for the difference.

CONTROLS

The same controls that applied when creating the original invoice apply when modifying it.

With regard to security, AP processing screens are limited to authorized agency AP personnel. Only limited fields are available for modification. Documents and control groups can only be modified/deleted under certain conditions.

The AFF checks to ensure funds are available for each invoice line.

All policy defaults appropriate to a particular transaction will be applied. All original controls are reapplied.

AUDIT TRAIL

When changes are made to a document, the NCAS stores all the original and altered information. For header changes, the original information is stored and obtained through reports. For line changes, the original information can be obtained through online inquiry.

The original document information is not stored when a document is deleted. Agencies are encouraged to cancel documents instead of deleting them, because the system stores the information contained in canceled documents.

Handling Special AP Processes

There are several processes in AP that need to be discussed:

- 1099 processing
- Backup withholding
- Factoring payments
- Electronic payments
- Non-resident alien processing
- Year-end accruals
- Sales tax reporting
- Refund of expenditures

1099 PROCESSING

NOTES

A **1099 vendor** is a vendor for whom an agency must report payment for services to the IRS. The NCAS allows an agency to establish a vendor as a 1099 vendor. Establishing a 1099 vendor enables the system to warn the AP clerk during invoice processing that this vendor is potentially a 1099 vendor.

If the transaction is 1099-eligible, the AP clerk can enter the relevant code in the system to flag the transaction. Flagging transactions helps to identify 1099 transactions at the end of the year.

The OSC runs several 1099 reports as part of month-end processing. These reports provide 1099 information which is reviewed and verified by each agency. A 1099 tape is produced and sent to the IRS in March.

◆ *Additional information about **1099** procedures and reports is available in the **SIG**.*

BACKUP WITHHOLDING

The State requires 4% withholding from some out-of-state individuals and from non-resident entities in particular industries. Agencies must withhold 4% from all non-resident entities not registered with the Secretary of State.

Federal withholding of 28% is required if the state's vendor information does not correspond with the Internal Revenue Service's records. The IRS notifies the agencies if withholding is required. The agencies should also begin federal withholding if they do not have a valid federal tax ID or social security number of a vendor.

If a vendor is subject to backup withholding, then the vendor record must be flagged in the system. It is the responsibility of the each agency to notify the OSC that backup withholding is required for a trade vendor. If the vendor is in an agency's non-trade vendor field, it is the responsibility of the agency to set up the vendor controls.

When an employee enters an invoice, he or she receives a message if this vendor is subject to backup withholding. The employee will then flag all applicable lines on the invoice to incur withholding.

◆ *For more information, refer to the Accounts Payable training course. (Selected content from this course is also available in the **SIG**.)*

FACTORING PAYMENTS

A **factor** is a vendor who receives payment in lieu of the original vendor.

📁 For example, an agency needs to make a payment to Wake County for the Steps Out program. However, the payment needs to go to the Office of the State Treasurer. The State Treasurer is the factor for Wake County.

NOTES

A vendor may be established as a factor in the NCAS. A payment cannot be factored to a vendor who has not been established as a factor.

During invoice processing, the original vendor and the factor vendor are both identified in the NCAS. The check is issued to the factor vendor.

- ◆ *For more information, refer to the Accounts Payable training course. (Selected content from this course is also available on the **SIG**.)*

ELECTRONIC PAYMENTS

The electronic payment (E-payment) process allows agencies to use the North Carolina Accounting System (NCAS) to deposit money directly into a vendor's or employee's bank account. As part of the E-payment process, an e-mail or fax is sent to notify the payee that a deposit has been made.

All invoice transactions entered in the NCAS Accounts Payable (AP) module that are flagged to be sent electronically create Cash Management Control System (CMCS) transfer entries and post to the CMCS system for agency processing. The CMCS transfer makes no Budgetary Control (BC) entries because the cash entries for all E-payments post directly to the correct budget code or allotment cash account coming from AP.

Transfers do not post to the disbursing cash account (111250) as requisitions do.

E-payments are generated based on information keyed on the *Vendor Payment (VPY)* screen in the NCAS. Information, such as bank account number, bank routing number, and e-mail address, are required to complete this screen. When the VPY screen is completed, the vendor/employee payment is processed electronically. All payments to vendors or employees that do not have this screen completed have paper checks printed at each agency. E-payment information for each agency is transferred to an Office of the State Controller (OSC) server, using Paybase 32, where it resides until cash is transferred via CMCS to the OSC by the agency. After the CMCS transfers have been passed by the agency to the OSC, submitted and approved by Cash Management, the E-payments for the agency are combined with other agencies' E-payments for that day and sent to the bank. Electronic remittance advices that look similar to our current check stubs are either e-mailed or faxed to the vendor/employee at the same time E-payments are sent to the bank.

In the event that E-payments are not sent to the bank due to lack of cash or other reasons, a batch cancel job is available that automatically cancels all of the agency's E-payments for a particular day. If this is ever necessary, call the OSC Support Services Center (919-875-HELP). The OSC helps the agency with this process whenever E-payments must be cancelled. An E-payment should never be cancelled without consulting with the OSC first. The CMCS transfer that was created has to be deleted. When an E-payment is cancelled, there is no reversing CMCS transfer entries created or reversing entries on the CMCS cash reconciliation reports.

NON-RESIDENT ALIEN PROCESSING

NOTES

The Taxation of Nonresident Aliens (NRA) is a Federal legal requirement set forth in Internal Revenue Code (IRS) Section 1441.

The Office of the State Controller (OSC) manual [Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments and Corporations](#), dated August, 2004 sets forth procedures that must be followed in making payments to NRA's to ensure proper tax withholding occurs. The web link to OSC Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments, and Corporations is as follows:

http://www.ncosc.net/Foreign_Nationals/Foreign_National_Index.html

For purposes of the North Carolina Accounting System (NCAS) Accounts Payable system, payments to Independent Contractors, honoraria, and travel expenses are the primary payments we will address. Payments to Contractors that meet the common law definition of employee should be paid through Central Payroll, not the NCAS.

For additional information on NRA taxation, please refer to IRS Publication 515 [Withholding of Tax on Nonresident Aliens and Foreign Entities](#). The IRS web link is as follows:

www.irs.gov/publications/p515/

YEAR-END ACCRUALS

The State of North Carolina's fiscal accounting year ends on June 30th of each year. Because the state's accounting records are maintained from July through June on the cash basis, a Generally Accepted Accounting Principles (GAAP) conversion is required in June. Included in the GAAP conversion are accruals for accounts payable.

Your agency will receive invoices after June 30th for goods and services received in previous months. These invoices must be reflected in the 13th accounting period as accruals for that year's conversion to the GAAP basis.

<p>The NCAS has 13 accounting periods: one for each month of the year and a 13th period in which to make adjusting and accrual entries.</p>

Beginning the middle of May, all invoices should be reviewed carefully for the previous months' expenses. If an invoice expense is for a month prior to July 1st, the invoice is an accrual and needs to be identified as such in the system.

Accrual invoices can be entered in control groups separately from regular July invoices or they can be entered as accrual invoices individually within a control group. With the exception of adding an accrual indicator, the process for entering accrual invoices is exactly like that for entering regular invoices.

NOTES

- ◆ *For detailed information and instructions regarding end-of-year processing, refer to the System Information Guide (SIG).*

SALES TAX REPORTING

G.S. 105-164.13(52) provides an exemption from the NC sales or use tax for State agencies. Because of this newly enacted legislation (July 1, 2004), invoices with sales tax applied for *goods* are not received very often. However, in a very few situations, sales tax must be applied and remitted to the North Carolina Department of Revenue.

- ◆ *See the Sales Tax section in the Processing Direct Invoices chapter of the **AP01** (Accounts Payable Overview) manual for the regulations regarding sales tax process. This manual can be found on the **SIG**.*

REFUND OF EXPENDITURES

Agencies that must report payments to vendors net of refunds received may use the AP module to record the refunds and automate the deposit entries. Agencies that do not need to report net vendor payments may process refunds through the Budgetary Control (BC) module.

A zero dollar invoice is entered to reflect the refund. The first line backs out the amount of the refund. Subsequent lines post the refund to a clearing account. More than one line may be necessary if part of the refunds involves an accrual. Refunds can be made for current year or prior year expenditures.

System generated accounting rules will determine the appropriate cash entries based on the fund type (contained in the first position of center). The **BD800 Cash Report** will correctly reflect the cash transactions.

- ◆ *For additional information, refer to the Accounts Payable course. (Selected content from this course is also available on the **SIG**.)*

Benefits of the NCAS AP Module

One of the benefits of the NCAS AP module is that online validation of data entered, such as the accounting distribution, improves the accuracy of information.

It also eliminates data entry duplication. AP clerks do not have to re-type information from the PO when processing an invoice.

Automated matching is beneficial because AP clerks do not have to manually match invoices to POs and/or receipts. The automated matching process provides increased controls because the system interrupts the processing of the invoice until the exception has been resolved by the appropriate person, usually a buyer.

The system allows online inquiries. AP clerks can inquire on PO and/or receipt information throughout the invoicing process.

Additionally, policy is applied consistently. The system maintains an audit trail for documents.

NOTES

Batch Processing

Invoices are batch loaded into the NCAS when:

- 1099 balances need to be transferred to the NCAS during initial loading from the DAS.
- The invoices are processed in another system that has an interface with the NCAS.

All the NCAS transactions are processed at night to generate appropriate reports and to post accounting entries to the GL.

All checks eligible to be paid (based on agency-defined criteria) are released at night to be printed the next day. Along with a check run, the amount paid to a vendor is updated in batch.

Information from fixed asset expenditure accounts (numbered 534000 to 53499999999) is interfaced in batch from the AP to the FA module.

All batch processing occurs at night.

System Balancing

The NCAS AP module is balanced daily in order to ensure that the control group total equals the system total and to verify that the system is working correctly.

AP is balanced by paying entity. There are three types of paying entities:

- Trade (XXPT)
- Non-trade (XXPN)
- Employee (XXPE)

Balancing reports are sorted by paying entity for ease in balancing.

Trade and non-trade payables are balanced by an automated method using the **Accounts Payable Automated Balancing Report (AP-A007A)**.

Employee payables are balanced manually using the following reports:

- The **Invoice Entry** report (AP-A0004)
- The **Accounts Payable Document Maintenance** report (AP-A0017)
- The **System Payment Register by Entity** report (AP-P0006)
- The **Employee Advance Usage Report** report (AP-P0003)

◆ *For additional information, refer to the **Accounts Payable Management** training course. (Selected content from this course is also available on the **SIG**.)*

NOTES

Exception Processing

We will look at two types of exceptions: budgetary control exceptions and invoice exceptions.

Budgetary Control Exceptions

Why do they occur?

BC exceptions occur when the AFF finds that sufficient funds do *not* exist for a particular transaction or the accounting distribution has not been set up in the AFF.

Resolving budgetary exceptions are agency-specific. The invoice is automatically passed to the *Budgetary Control Exception Queue (BCQ)* if it has a budgetary exception.

Who resolves?

The *BCQ* holds the line until the budget officer resolves the exception.

How are they resolved?

Depending on the situation, the agency's budget officer may elect to:

- Transfer funds
- Authorize the exception
- Select the correct accounting distribution
- Add accounting distribution

Invoice Exceptions

Why do they occur?

An **invoice exception** occurs when an AP clerk cannot process an invoice any further because the invoice header or invoice detail controls were breached.

Invoice header controls restrict the ability of the AP clerk to pay for charges such as freight, sales tax or value added tax (VAT) and additional costs.

Invoice detail controls allow the AP clerk to only pay prices within a specified range and to pay only specified charges (tax/VAT, additional costs) for a particular PO line.

- ◆ *Invoice controls were discussed in detail earlier in this section. Additional information on invoice controls and exceptions can be found in the **Accounts Payable Matching** course located on the **SIG**.*

Who resolves?

The buyer resolves by sending instructions to the AP clerk which can be viewed online and are also contained in the AP Action Report. The AP Action Report is printed daily and is specific to each AP operator's ID.

NOTES

How are they resolved?

Buyers can resolve an exception due to an incorrect invoice by instructing the AP clerk to do one of the following:

- Pay the invoice with a debit memo for the amount of the exception
- Hold the invoice for a credit memo from the vendor
- Pay the invoice as is
- Select the invoice for additional processing

Buyers can resolve an exception due to incorrect data on the PO by instructing the AP clerk to do one of the following:

- Pay the invoice as is
- Pay the invoice with a debit memo
- Pay the invoice with a credit memo
- Pay the invoice as is and alter the PO to match the invoice

Information Access

Inquiry capabilities exist for AP documents and payments made. Reports are available in the following categories:

- AP Invoice Reports
- AP Check Reports
- AP Payment Update
- AP Balance/Maintenance
- AP Deposit Slips
- AP Document Entry

Decision Support System provides two views and a report on open documents.

- ◆ *Select inquiry screens and reports are shown in this course. For additional detail, refer to the **SIG**.*

Inquiry Screens

The *Document Inquiry Menu (DIM)* screen allows you to access various AP inquiry screens. These include:

NOTES

- The *Document List (DCL)* screen displays a list of invoices or expenses based on the criteria entered. This screen displays summary information about each document including status.
- The *Invoice to Purchase Order List (IPL)* screen lists all PO lines matched against a particular invoice.
- The *Purchase Order to Invoice List (PIL)* screen lists all the invoices matched against a particular PO.
- The *History Document List (HDL)* screen lists documents that have been purged and added to the document history file.

The *Payment List (PYL)* screen displays summary information according to the search criteria specified. This screen permits the review of the status of a series of payments. The list is organized by payment number.

The *View Exception Comments (VEC)* screen displays the comments from the buyer and AP clerk. These comments are used to resolve differences between the invoice and the purchase order.

VEN/EMP NBR	DOCUMENT NUMBER	DOCUMENT DATE	GROSS AMOUNT	CURR CODE	STATUS	DGI	DCI	DPA	DLL
123121234 A	4568151566781	02/18/05	750.00		PD-FULL	-	-	-	-
131455345 B	NEWS-1001	01/01/05	15.00		PD-FULL	-	-	-	-
131455345 B	NEWS-1002	02/01/05	15.00		PD-FULL	-	-	-	-
131455345 B	NEWS-1003	03/01/05	20.00		PD-FULL	-	-	-	-
134921002 C	INV-040595	04/05/05	23.45		MATCH E	-	-	-	-
351466270 A	109234599	04/01/05	14.60		BALANCD	-	-	-	-
411405311 D	5437542	04/01/99	30.45		HOLD	-	-	-	-
560578072 H	3451299091	04/01/02	25.34		BALANCD	-	-	-	-
560622430 A	1098208764	03/01/02	65.45		BALANCD	-	-	-	-
560746125 A	AA-1423	04/01/05	10,000.00		PD-FULL	-	-	-	-

The *Document List (DCL)* screen displays a list of invoices or employee expenses according to specified criteria. This screen shows summary information about each document including status. The document and an inquiry screen are selected for viewing further information:

- The *Document General Information (DGI)* screen provides a review of the general information about an invoice or an employee document, such as document type and status, date last updated, signature approval codes assigned to the document, dates approved, gross amount, and amount paid.
- The *Document Comment Inquiry (DCI)* screen displays comments entered on the *Document Level Comments (DLC)* screen.
- The *Document Payment Additional Information (DPA)* screen displays payment information for a specific document. It includes payment amount, amount paid, payment date, discount amounts, general ledger extract date, and GL distribution information.

NOTES

- The *Document Detail Line List (DLL)* screen displays the distribution and expense amount of a detail line assigned to an invoice or employee expense.

The HISTORY field: Entering a character in this field allows you to access information about purged documents.

OCP AP		HISTORY DOCUMENT LIST				HDL	
NEXT FUNCTION: _____		ACTION: _____		10/10/2006		12:56:46	
REQUEST: _____		=====					
PAY ENTITY : XXPT		VENDOR/EMPLOYEE NUMBER : _____					
VENDOR NUMBER	DOCUMENT NUMBER	DOCUMENT DATE	GL EXTR DATE	DOC STAT	DOCUMENT AMOUNT	CURR CODE	
592663954 A	10021383	04/27/05	05/07/05	P	50.00		
592663954 A	10021838DM	08/13/05	10/01/05	P	50.00		
592663954 A	193490-001	07/09/05	07/28/05	P	63.41		
592663954 A	197616-001	07/07/05	07/17/05	P	77.85		
592663954 A	199868-001	07/31/05	10/10/05	P	1,261.40		
592663954 A	199946-001	07/29/05	08/08/05	P	44.52		
592663954 A	199953-001	07/26/05	08/08/05	P	27.55		
592663954 A	200009-001	07/29/05	08/08/05	P	16.92		
592663954 A	200104-001	07/30/05	08/08/05	P	81.41		
592663954 A	201035-001	07/31/05	08/08/05	P	8.59		
592663954 A	201463-001	07/30/05	08/26/05	P	63.43		
592663954 A	202521-002	08/12/05	09/12/05	P	155.69		
PAGE: 1		STATUS: END OF LIST					

The *History Document List (HDL)* screen lists documents that have been purged and are no longer active on the invoice file.

Reports

Key AP reports reside in **Systemware (X/PTR)**. The following reports are shown here:

- **System Payment Register by Entity**
 The **System Payment Register by Entity (AP-P0006)**, in report group MM122-5, displays a list of payments made, by vendor number, for each paying entity for a particular day.
- **AP Automated Balancing Report**
 The **AP Automated Balancing Report (AP-A007A)**, in report group MM122-6, displays the daily beginning and ending balances, in addition to the subtotals that the balances are derived from. This is the key report used in the automated daily system balancing of trade and nontrade payables.
- **General Ledger Cash Distribution Analysis**
 The **General Ledger Cash Distribution Analysis (AP-D0002)**, in report group MM130-2, lists detailed cash disbursements and any reversed entries for the specified period or a particular cash account.

◆ For a full explanation of these reports, refer to the **SIG**.

Fixed Assets

Overview

The NCAS Fixed Assets (FA) module provides a complete record of all assets held by the State of North Carolina, with the exception of several agencies. The agencies not currently using the Fixed Assets module include all universities, UNC-Hospitals, DOT, individual community colleges, and most of the boards and commissions.

An **asset** is a long-life tangible asset obtained or controlled as a result of past transactions, events, or circumstances. Assets include equipment, buildings, art, artifacts, literature, and land.

Two types of assets are recorded in the system:

- Inventoried (for agency tracking only)
- Capitalized

Integration with Other Modules

The Accounts Payable module in NCAS interacts directly with the Fixed Assets (FA) module via the AP to FA interface:

- Purchasing forwards information about items purchased to the Accounts Payable module.
- The AP to FA interface populates the FA module with information about purchases, drawing from fixed asset expenditure accounts.

Journal entries affecting fixed assets expenditure accounts should not be made in the Budgetary Control module, since the information would not be updated automatically in the Fixed Assets module. Only transactions from AP are interfaced to FA.

Business Process Flow

The following business functions occur during the processing of assets:

- Receipt
An asset is received.
 - Through a purchase
 - Through a transfer from another agency
- Payment
A payment is made for the asset against a FA expenditure account in the Accounts Payable module.

NOTES

- **Interfacing temporary assets**
The AP to FA interface populates the Fixed Assets module with required information to create temporary assets.
- **Adding as permanent assets**
The FA officer verifies and updates the temporary information to create permanent assets.
- **Nightly updating**
The FA module is updated nightly to reflect the transactions from the day. These transactions include:
 - Additions
 - Changes
 - Transfers
 - Retirements
 - Deletions

AP to FA Interface

Invoice payments against FA expenditure accounts 534000 through 5349999999 in Accounts Payable trigger the AP to FA interface. The following accounts are excluded from the interface:

- 5342XX Purchased Buildings
- 5343XX Constructed Buildings
- 5344XX Other Structures and Improvements
- 534710 Computer Software

The interface is run on a nightly basis. When the interface runs, temporary assets are created in the FA module. The invoice date becomes the asset acquisition date.

The fixed asset's officers must review the temporary assets and complete the information to make them permanent. At year end, accruals are included in the interface into the FA module. Invoice maintenance in AP also generates entries in FA via the interface.

Policies and Procedures

- ◆ *Refer to the **SIG** for a complete list of Assets policies.*

Inventoried Assets

Inventoried assets are goods or objects that are valued less than \$5000 (\$4999).

Each agency establishes the minimum value for inventoried assets.

Capitalized Assets

NOTES

Capitalized assets are all assets greater than or equal to \$5000. Capitalized assets must be recorded in the Fixed Assets module and just be capitalized for financial statements.

Special Cases

Buildings/Other Structures

All buildings and other structures are excluded from the interface, including purchased buildings (5342XX), constructed buildings (5343XX), and other structures and improvements (5344XX).

Software

Computer software (534710) is excluded from the interface. Only main-frame (534720) and externally developed software (534730) are included in the FA module.

Components

Components are assets that are recorded as subsidiaries of a parent asset. Separate physical parts of assets are no longer classified as components. Individual parts are now classified as separate assets and are individually evaluated to determine if they should be recorded in the FA module.

Assets are individually recorded as they are acquired. For example, if a computer is purchased as one item, it should be recorded as one asset. If three pieces were acquired separately, they are recorded as three assets (if they qualify as assets).

Data Elements

Levels of control are fields that are used to hold information about the asset. When temporary assets are created as a result of the interface, the levels of control are populated with information from Accounts Payable, Purchasing, and General Ledger.

Level 2 contains an indicator to identify inventoried and capitalized assets based on the value of the asset and the established criteria.

- INV Inventoried
- CAP Capitalized

In order to finalize the temporary asset and record it as a permanent asset, the levels of control must be verified and updated by the fixed asset officer.

The indicator in Level 2 (INV or CAP) is changed to the appropriate GAAP fund. For permanent assets, the combination of Levels 1 and 2 represents the company (agency identifier and GAAP fund).

NOTES

If an INV temporary asset is not converted to a permanent asset, the temporary asset will be purged after a certain time period (probably two months). In other words, if Level 2 remains INV after the specified time period, the asset will be deleted.

CAP temporary assets remain in that temporary level until the asset officer reviews it and either converts it to a permanent asset or deletes it. The CAP temporary assets are not automatically purged.

Transaction Processing

Recording assets requires:

- Adding
Entering assets into the FA module of NCAS
 - Changing
Making changes to the records of a assets
 - Transferring
 - Within an agency - GAAP fund change
 - Between agencies
 - Retiring
Asset junked, stolen, scrapped, sold, etc.
- ◆ *For additional information on recording assets, refer to the **Fixed Assets** training course. (Selected content from this course is also available on the **SIG**.)*

Recording Assets

BUSINESS FUNCTION

The primary purpose of recording assets is to maintain stewardship of the State's assets (i.e., to make sure that the publicly held assets are used for official purposes.) Recording the assets in the Fixed Assets module provides organized documentation of asset information. This information allows agencies to meet reporting requirements for financial statements.

AUDIT TRAIL

Audit trail information is transferred from the Purchasing and Accounts Payable modules to the Fixed Assets module when an asset is added. This information links the asset to its corresponding purchase order and invoice.

- PO number
 - Found on the *Asset Record Information (21)* screen
 - Found in Levels 9/10/11

- Vendor number, vendor short name, buying entity, control number, control date, invoice number, and paying entity
Found on Lines 8 and 9 (used for additional description) on the *Asset Additional Description (26)* screen

NOTES

Benefits

The benefits of the Fixed Assets module are:

- Complete, organized record of assets
- Consistent use of fields, same data for all agencies
- Increased accuracy
The AP to FA interface leaves little room for error in the addition of assets because information is transferred directly from AP into FA.
- Updated nightly
Information from nightly update is documented on reports distributed to FA officers.

System Balancing

System balancing is done for items valued at greater than or equal to \$5000 (i.e., capitalized assets)

NOTES

Month-end

Month-end balancing is optional and involves the use of the following reports, which are available in the FAPUBLIC library in IE:

- Current Year cost Adjustments to Prior Year Acquisitions Report
- Assets Transferred Out Report
- Assets Transferred In Report
- Active Asset Additions Report
- Prior Year Acquisitions Report
- Retired Asset Report
- Active Asset Reconciliation Report

The first five reports are used to calculate a journal entry to the GL module in NCAS. The net balance of the GL module after the entry should equal the amount in the Active Asset Reconciliation report.

Year-end

Year-end balancing is required and involves the use of the same set of reports. Most agencies only balance at year-end.

- ◆ *Detailed instructions on completing the **CAFR Footnotes Worksheet** are on the **SIG**.*

Reports used to complete the worksheet include:

- Current Year cost Adjustments to Prior Year Acquisitions Report
- Assets Transferred Out Report
- Assets Transferred In Report
- Active Asset Additions Report
- Prior Year Acquisitions Report
- Retired Asset Report
- Active Asset Reconciliation Report

The **Current Year Cost Adjustments to Prior Year Acquisitions** report (C-FA-COST-ADJ) lists all current year cost adjustments (increases/decreases) made to prior year acquisitions. This report lists the asset number, adjustment date, acquisition date, and adjustment amount. The adjustment date should be the current year FA-TRANSACTION-ACTIVITY-DATE in which the asset's acquisition cost was changed. The current year adjustment amount should be the amount of change in acquisition cost.

The **Assets Transferred Out Report** (C-FA-TRANSFERS-OUT) lists all assets which have been transferred out of an agency for a given time period. This report lists the company number (from), the asset number (from), the company number (to), the asset number (to), date, and acquisition cost.

The **Assets Transferred In Report** (C-FA-TRANSFERS-IN) lists all assets that have been transferred into an agency for a given time period.

NOTES

The **Active Asset Additions** report series (C-FA-755-ADD) is an active asset master file listing of assets with acquisition cost \geq \$5000. This series includes the following reports:

- Detail For Assets - General Fund (FA755GF)
- Summary For Assets - General Fund (FA755GS)
- Detail For Assets - Other Funds (FA755OF)
- Summary For Assets - Other Funds (FA755OSM)

The **Prior Year Acquisitions** report series (C-FA-ACQ-CY) shows the transactions added during the current fiscal year with a prior fiscal year acquisition date. This series includes the following reports:

- Detail for Assets - General Fund (FA755GF)
- Summary For Assets - General Fund (FA755GS)
- Detail For Assets - Other Funds (FA755OF)
- Summary For Assets - Other Funds (FA755OSM)

The **Retired Asset** report series (C-FA-FA755-RETIRE-GT5000) lists all current year retirements for General Fund assets and non-General Fund assets. The reports lists cost, asset number, location, and retirement date. This series includes the following reports:

- General Funds Detail (FA755RG)
- General Funds Summary (FA755RGS)
- Other Funds Detail (FA755RO)
- Other Funds Summary (FA755ROS)

The **Active Asset Reconciliation** report series (C-FA-FA755-GE5000) is an active asset master file listing of assets with acquisition cost \geq \$5000. The total amount on the report must equal the GL balance and must agree with the GASB fund balance sheet.

Information Access

Inquiry Screens

There are three main inquiry screens in the Fixed Assets module.

- *Asset Record Information (21)*
 - Displays PO number in Levels 9, 10, 11
 - Displays check/reference number in Levels 12, 13
- *Asset Book Information (22)*
 - Displays book type/tax code information
- *Asset Additional Description (26)*
 - Displays audit trail information in Lines 8 and 9

◆ Refer to the **SIG** for instructions on inquiring on assets.

NOTES

```

* * * ASSET RECORD INFORMATION * * *
L1/L2: 0XX 001 SCREEN: 21
ASSET NUMBER: 0001234500 DESCR ACQUISITION QUANTITY
ASSET DESCRIPTION CODE CODE YR-PD ORIG RETIRED
WALNUT SECRETARY DESK 42521 P 2003 11 00000001 00000000

LEVELS LVL LVL
OF CONTROL 3 4 5 6 7 8 9 10 11 12 13 14
14500 1000 100 5 XX 0001 2345 00000 45678 4511

CODES TAX VALUES
NEW/USED : N GUIDELINE CLASS: 00000 PRODUCT INFORMATION
PERS/REAL : P VGC ACCOUNT : MANUFAC NM: BUSH
ADR/CLS : N TAX CREDIT AMT : 00000000.00 MODEL NAME: TS55555
TAX CREDIT: N ESOP AMOUNT : 00000000.00 SERIAL NBR:
CONDITION : G ENRG REHB AMT : 00000000.00
STATUS : U BONUS AMOUNT : 0000.00
OWNERSHIP : ADR SWITCH COST TAX LOCATION
CREDIT : N (BOOK 2 ONLY) : 00000000.00 STATE : RM
EXCL SALV : ST LINE RESERVE COUNTY : 210
TAX CLASS : (BOOK 2 ONLY) : CITY : DOBB
ENRG/REHB : N TEFRA CODE : 0 DISTRICT:
RETIRE OP :
NEXT SELECTION: 22 ASSET NUMBER: 0001234500
ACTION: _____
  
```

The *Asset Record Information (21)* screen displays general information about assets, including the levels of control previously discussed.

```

* * * ASSET BOOK INFORMATION (BOOKS 1-3) * * *
L1/L2: 0XX 001 SCREEN: 22
ASSET NUMBER: 0001234500 DESCRIPTION: WALNUT SECRETARY DESK
**** BOOK 1 **** **** BOOK 2 **** **** BOOK 3 ****
BOOK TYPE/TAX CODE 4 N
DEPR METHOD
ST LINE SWITCH N
PRORATE CODE
EST LIFE (YR/PD)
REMAIN LIFE (YR/PD)
DEPR BEGIN (YR/PD) 2003 11
ORIGINAL COST 510.00
SALVAGE AMOUNT .00
ANNUAL DEPR .00
PERIOD DEPR
LTD DEPR .00
YTD DEPR .00
TRANSFER YTD .00
OLD DEPR METHOD
SWITCH DATE (YR/PD)

NEXT SELECTION: 24 ASSET NUMBER: 0001234500
ACTION: _____
  
```

The *Asset Book Information (22)* screen displays book and tax information about assets, including original cost.

NOTES

* * * ASSET ADDITIONAL DESCRIPTION * * *		SCREEN: 26
L1/L2: 0XX CAP	ASSET NUMBER: 0507000100	DESCRIPTION
DESCRIPTION LINE 1: TRUCKS, ALL CAPACITIES (PICKUP TRUC		
DESCRIPTION LINE 2:		
DESCRIPTION LINE 3:		
DESCRIPTION LINE 4:		
DESCRIPTION LINE 5:		
DESCRIPTION LINE 6:		
DESCRIPTION LINE 7:		
DESCRIPTION LINE 8:	560857678A *BOBBYMURRA	*XXBG
DESCRIPTION LINE 9:	0124*051597*	8845756*XXPT
NEXT SELECTION: 27	ASSET NUMBER: 0507000100	
ACTION: _____		

The *Asset Additional Description (26)* screen displays descriptive audit trail information, including:

- Purchasing information
Vendor number, vendor short name, and buying entity (Line 8)
- Accounts Payable information
Control number, control date, invoice number, and paying entity (Line 9)

Reports

Three nightly interface-generated reports are used to document information about assets:

- The **Generated Fixed Asset Transactions** report (GENTRANS)
- The **Fixed Asset Transactions Under Threshold** report (THRESHLD)
- The **Fixed Asset Transactions - Account Exclusion** report (ACCTEX)

These reports are located in X/PTR report group MM132-1. The fixed asset officer uses these reports to make sure that all appropriate transactions are recorded in the Fixed Assets module.

The **Generated Fixed Asset Transactions** report (GENTRANS) presents every temporary asset that has been generated by the interface. It is located in X/PTR report group MM132-1. The LVL 2 field indicates whether the asset has been pulled in as a capitalized (CAP) asset or as an inventoried (INV) asset.

NOTES

The temporary asset number is assigned to an asset via the interface. It is used to identify an asset. When the FA officer makes an asset permanent, he/she changes the number to the permanent asset number that matches the asset tag.

The **Fixed Asset Transactions Under Threshold** report (THRESHLD) presents temporary assets whose cost is less than the threshold amount set up by the agency. Items on the Fixed Asset Transactions Under Threshold report have not been interfaced into the Fixed Asset module. The report can be used to verify that appropriate items are added into the Fixed Assets module. This report is located in X/PTR report group MM132-1.

The account is used in conjunction with the description to determine whether or not an item should be inventoried, capitalized, or expensed.

The **Fixed Asset Transactions - Account Exclusion** report (ACCTEX) presents assets that are excluded from the interface. Assets that were incorrectly excluded can be manually added. The report is located in X/PTR report group MM132-1.

The item description presents a description of an item that can be used to verify that an item was correctly excluded.

Inventory

Overview

The Inventory module was not a part of the original NCAS model. It was added in 1993 to meet the needs of the North Carolina Department of Correction.

The Inventory module is fully integrated with the other NCAS modules.

The Inventory module is currently implemented only at the Department of Correction, the Department of Public Instruction, and the Department of Health and Human Services.

Separate budgeting for both expense and consumption activities is available in the Inventory module.

The NCAS Inventory module supports five main business functions.

- Replenishing warehouses involves:
 - Acquiring inventory items from vendors or other warehouses to replenish stock (replenishment cycle).
 - Distributing inventory from central supply to subsidiary warehouses.
- Issuing items involves:
 - Enabling the end user to request goods from inventory for consumption purposes (referred to as a usage order).
- Managing warehouses includes defining warehouses and managing operations, including:
 - Establishing warehouses and shipping, receiving and storage areas within warehouses.
 - Defining **access paths** to determine how items will be picked when filling usage orders and counted when performing cycle counts.
 - Identifying reorder points for each item. Minimum/maximum quantity levels can be set for each item to prevent having too little or too much of one item.
 - Transferring and moving inventory between warehouses or warehouse areas.
- Accounting for inventory involves:
 - Automatically making journal entries in GL to record inventory transactions based on specified events.
 - Valuing items at average cost.
- Reconciling involves:
 - Verifying that the perpetual item count maintained by the NCAS matches the actual (physical) count in the warehouse.

NOTES

Integration with Other Modules

The NCAS Inventory module is fully integrated with all other NCAS modules:

When a stock item is requested through **Purchasing**, on-order quantity in the **Inventory** module is automatically updated. The system also checks the maximum allowable quantity for each item.

The **Budgetary Control** module checks to see if an accounting distribution has sufficient funds for a purchase of additional inventory (expense) or issuing of inventory (consumption). The **Budgetary Control** module contains the Available Funds File (AFF).

When a stock item is received, the system reduces the on-order quantity and increases the on-hand quantity. Upon receipt, the system automatically updates the appropriate **General Ledger** asset balance.

The **Accounts Payable** module receives information such as prices and quantities from Purchasing for matching invoices. AP updates Inventory with the difference between the PO price and the invoice price known as the **variance**. Average inventory cost is updated based on AP variances.

All financial information is passed to the **General Ledger** through the **Financial Controller**. Financial entries are posted to the **General Ledger**.

The information in Inventory allows the reconciliation of the asset balance in the **General Ledger** with the perpetual balance maintained in Inventory. Cycle count results are posted to **General Ledger** asset accounts.

Five key business processes are supported by the Inventory module:

- Inventory Transactions
 - Replenishing stock
 - Issuing items
 - Reconciling inventory counts
- General Functions
 - Managing warehouses
 - Accounting for inventory transactions

Policies and Procedures

Statewide Policies

Statewide inventory policies are established by the OSC.

The NCAS Inventory module expenses items when purchased. It expenses items as consumption accounts when they are used. The Inventory module equally offsets asset entries with a fund balance reserve.

NOTES

Inventories consisting of materials and supplies are valued at a weighted average cost on the first-in, first-out (FIFO) basis for the primary government entities and proprietary component units.

The NCAS Inventory Policy Hierarchy

Module policies apply to all of the Inventory module, regardless of agency. They are established on the *Inventory Policy Entry (IPE)* and *Inventory Policy Update (IPU)* screens.

- ☞ An example is the purge limit, which purges documents 30 days after they have been closed.

Warehouse policies control transactions for a specific warehouse. They are established on the *Warehouse Area Entry (WHAE)* and *Warehouse Area Update (WHAU)* screens.

- ☞ Some examples are the warehouse approver, staging area, and ship-to code.

Item policies control transactions for specific items. They are established on the *Item Number Entry (INE)* and *Item Number Update (INU)* screens.

- ☞ Some examples are the group account, unit of measure, and item type for each item.

Item warehouse policies control transactions for specific items at specific warehouses. They are established on the *Item Warehouse Entry (IWE)* and *Item Warehouse Update (IWU)* screens.

- ☞ An example is the inventory control code, which sets minimum and maximum inventory levels.

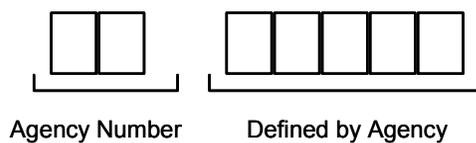
Transaction line-level policies control policies applying to a specific transaction. They are entered on the *Usage Order Header Entry (UOHE)* and *Usage Order Header Update (UOHU)* screens and on the *Usage Order Line Entry (UOLE)* and *Usage Order Line Update (UOLU)* screens.

- ☞ Some examples are the requester ID and ship-to code for a specific item.

DATA ELEMENTS

Warehouse number

The warehouse number is a seven-character identifier. The first two digits of the warehouse number consist of the agency identifier; the remaining five digits are defined by each agency.



NOTES

DOC has chosen to define the remaining five digits as follows:

- The third through sixth position are filled with its facility number.
- The last position contains warehouse type (e.g., F = food, C = clothing, M = medical.)

The warehouse number is entered in the first blank of the KEYS field on warehouse screens and in the second blank of the KEYS field on item screens.

For a list of all valid warehouse numbers, refer to:

- The **Warehouse Summary Report** (WHSESUMM) which provides a list of warehouses and the value of inventory in each warehouse. WHSESUMM is located in X/PTR report group IN285-5.
- The *Warehouse Browse Selection* (WHAB) screen
Enter the agency ID in the first blank of the KEYS field.

Warehouse area

The warehouse area is a five-digit identifier defined by agency.



Defined by Agency

It specifies one or more of the following areas within a warehouse:

- **Staging area** is where picked items are brought for issuing to customers
- **Receiving area** is where items are received into the warehouse
- **Storage area** is where items are stored between receipt and issuance

The warehouse area number is entered in the first blank of the KEYS field on warehouse screens.

For a list of valid warehouse areas for a particular warehouse, access the *WHAB* screen. Enter the agency ID in the first blank of the KEYS field.

Access Paths

Access paths are nine-character identifiers that can be used to indicate paths for either cycle counting or picking.

Cycle counting paths are used:

- To group stock items into distinct counting entities.
- To control the order in which items are printed on counting sheets.

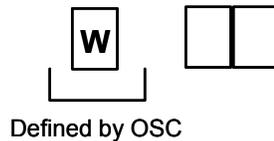
NOTES

Picking paths are used to control the order in which items are listed on pick tickets, thereby facilitating more efficient picking.

If a warehouse ID is used as the access path, then the entire warehouse is indicated.

Approval Code

The approval code is a three-position identifier used to specify approvers. As directed by the OSC, warehouse approvers' approval codes begin with "W."



The warehouse approver must approve all replenishment requests that cause the warehouse to exceed the maximum allowable quantity of an item.

Catalog number

The catalog number indicates whether or not an item is considered "stock," which means that it is stored in a warehouse. For example, all DOC and DHHS inventory items have a catalog number of STCK. DPI inventory items have catalog numbers of TEXT, INST and RSCE.

The items are numbered sequentially and are located in the Statewide Item File. The numbers have no external significance. For a list of valid inventory items, see the *Item Short Name Lookup (ISN)* screen in the Purchasing module.

To add a warehouse item, the agency must complete the *Stock Item Request* form. The OSC will enter item data into the NCAS.

- ◆ See the **SIG** for additional information regarding adding a **warehouse item**.

Accounting Definition

A **group account** is a group (or series) of accounting distributions that is affected by inventory transactions for a particular set of items. Every stock item in the NCAS must have an assigned group account. A group account often is linked to more than one item - in other words, a group of similar items.

Group accounts work very much like accounting rules, in that they allow a user to enter only one accounting distribution, while the system actually posts balanced entries to multiple accounts.

The group account indicates a series of accounting distributions (company/account/center) to which transaction amounts will be posted. For example, the DOC has a group account called 42MEAT. 42MEAT contains the series of accounting distributions that might be debited or credited during a transaction for meat. The accounts impacted by a direct issue of meat can be found within the group account 42MEAT.

NOTES

The **event identifier** locates the specific accounts that are debited or credited within a group account. It is linked to the type of transaction, such as the receipt of an item, return of an item, etc.

The event ID has two components:

Group Type

A = inventory item (*asset*) accounts.

or

E = *expense* and adjustment accounts.

and

L = warehouse-specific accounting information that is assigned to an item. The L designator can be used in addition to A and E types.

A different center or company/center combination can be assigned for each warehouse in which an item is stored.

The center or company/center assigned locally will override those parts within the basic group account.

Event Code

Identifies a specific inventory accounting activity

There are 16 valid event identifiers for use with A and E group types:

A010	Inventory
A020	Reserve for inventory
A040	Purchases for resale
A045	Revenue
A050	Receipt overhead
A060	Storage overhead
A070	Intercompany receivable
A080	Intercompany payable
A090	Adjustments for negative inventory
A100	Usage expense offset
A210	Intercompany usage expense
A220	Intercompany payable override
E010	Usage expense
E020	Cycle count and average cost adjustments
E070	Intercompany receivable
E080	Intercompany payable

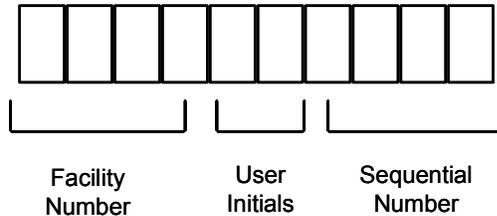
For example, once the system has identified the appropriate group account, the NCAS locates the exact accounts impacted with the help of the event ID. If the event ID associated with a transaction is A010, then the system will debit (or credit) the Inventory asset account. If the event ID for a transaction is E020, then the expense account for cycle count and average cost adjustments will be debited or credited.

NOTES

The use of group accounts and event IDs in the inventory accounting process will be explained in detail later in this section.

Document Numbering

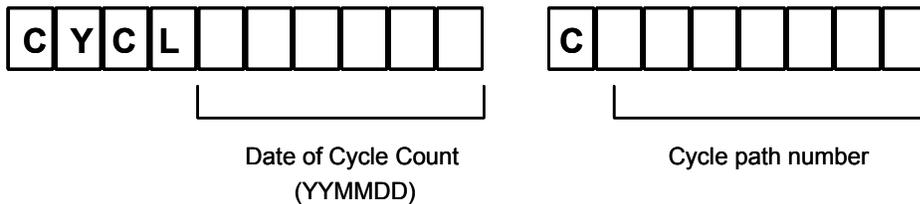
Usage order numbers are assigned to a usage order to track orders for the consumption of inventory items. Each agency defines how it will assign usage order numbers. For example, the DOC uses the facility number and user's initials followed by a sequential number in order to facilitate searches of the outstanding usage orders for a particular facility or requester.



The **picking list** is used to specify inventory items that should be pulled off shelves and prepared for shipment. The picking list number is the same as the usage order number, because the NCAS is currently set up to do picks by usage order. The NCAS has the capability of generating separate picking list numbers by generating lists for picks by location; however, this option is not utilized currently.

A **count list number** is used to identify each cycle count. The count list number is comprised of:

- The date of the cycle count preceded by "CYCL."
- The cycle path number preceded by a "C."



Transaction Processing

Unlike the previous two materials management sections (Purchasing and AP), this section will not discuss accounting rules in detail. Accounting in the Inventory module of the NCAS is handled differently from the other modules. This method of accounting will be discussed as *inventory accounting*.

Replenishing Stock

Replenishment in the Inventory module allows both central and subsidiary warehouses to efficiently and accurately complete the replenishment cycle, which includes evaluating inventory requirements and requesting additional supplies.

NOTES

Two types of replenishment are possible:

- External
 - Warehouse requisitions stock items from external vendors. Requisitions are treated as a standard purchasing requisition.
 - Warehouse receives items. Receipt of goods does the following:
 - Updates GL
 - Affects on-hand and on-order quantities in the Inventory module
 - An external replenishment order can be:
 - Automatically generated by the system based on replenishment levels specified on the system for each item.
 - Set up to require review and approval by warehouse manager.
 - Entered manually in the NCAS as a requisition.
- Internal (subsidiary warehouse replenishment/direct transfer)
 - Subsidiary warehouse requests additional supplies.
 - Requires no outside expenditure of funds by an agency
 - The **Replenishment Action Report** prompts a planner to create an internal replenishment requisition (based on replenishment level specified for each item). The Replenishment Action Report is located in X/PTR group IN260-3.
 - Requires subsidiary warehouses to enter usage orders to the NCAS as a requisition.

CONTROLS

The replenishing cycle is controlled by the NCAS in the following ways:

- Common controls
 - The NCAS security controls access to functions and warehouses.
 - The NCAS checks for availability of funds.
- External controls
 - Refer to *Requisitioning* in the *Purchasing* section of this course.
- Internal and external replenishment controls
 - The NCAS checks to see that the subsidiary warehouse does not exceed its maximum inventory level for the inventoried items.
 - Requires usage order approval
 - Requires additional approval if any item requested exceeds maximum quantity allowed at that warehouse

AUDIT TRAIL

NOTES

Transactions performed in the Inventory module are documented and available for inquiry. Warehouse number and item number can be followed through the replenishment process.

Daily transaction reports are run and are available for inquiry. The Daily Audit file contains audit trail information. The Reports report is located in the X/PTR group IN270-1.

The **Valued Transaction Register** is a history file that provides additional detailed information. This report is described in more detail in *Information Access* later in this section. The Valued Transaction Register is located in X/PTR group IN261-1.

Issuing Items

Distribution of inventory items to appropriate requesters is facilitated by and documented in the Inventory module.

The transactions necessary to process usage orders are:

- Order shipment (i.e. shipment of the items specified in the usage order)
- Order return (i.e. processing items that have been returned to inventory)

Direct issues are immediate responses to requests for inventory. The transactions necessary to process direct issues are:

- Direct issue (i.e., providing items to customers without usage orders)
- Direct return (i.e., processing returns of direct issues)

CONTROLS

The Inventory module will permit transactions only if the requester has adequate funds to acquire the requested item(s). The module verifies that the accounting distribution is correctly recorded online.

It verifies that the item number is active and that the quantity necessary to fill an order is available.

AUDIT TRAIL

All transaction detail will be discussed in the *Information Access* in this section. The audit trail can be followed on the **Valued Transaction Register by Warehouse Report**. This report provides detailed information about all item transactions, such as item number and warehouse number. Audit trail information can also be found in *Information Access* in this section.

NOTES

Reconciling Inventory

The NCAS reconciles the Inventory module by performing a **cycle count**. The agency can specify cycle count intervals when defining access paths.

The agency must perform at least one annual cycle count (at year end). In addition, the agency should perform a periodic cycle count either on part of its inventory or on high-priced items. The NCAS can also generate random cycle counts on specified items.

Cycle counting automatically adjusts the Inventory module on-hand balances for differences between counted and perpetual item quantities.

Manual adjustment entries can also be made to Inventory in between formal cycle counts to adjust for the differences between the NCAS and actual inventory.

CONTROLS

The actual quantity on hand and quantity in the NCAS must be reconciled. Physical counting is done periodically (at least annually) to assess the amount of inventory on hand.

The actual quantity is entered into system without the knowledge of system records for balance. The system automatically makes adjustments after entry of actual item count and update (if necessary.)

AUDIT TRAIL

The **Cycle Count Audit Report** shows the variances, if any, for each item, as well as the overall variance for the warehouse. Reviewing this report enables the agency to determine if another physical count is necessary. It is located in X/PTR in report group IN260-6.

Inventory Accounting

Group accounting is the primary accounting mechanism that is used in the Inventory module. The group account, event ID, and item transaction work together to create an appropriate accounting distribution.

Group accounts and event IDs were previously explained in detail in *Data Elements*. This topic discusses how these elements fit into the inventory accounting process.

Accounting rules are used to support the group accounting process and perform such tasks as encumbrances, intercompany transactions etc.

GROUP ACCOUNTING

Each item in the Inventory module is linked to a group account. A group account can be linked to more than one item. Items can be categorized with other similar items. Every item in that category is linked to a single group account.

Based on the item, the NCAS can identify the group account within which the transaction needs to be posted.

NOTES

Each item can have several transactions attached to it. For example, an item can be received into the warehouse, it may be issued to a customer (either directly or by processing a usage order), or it may be returned.

Each type of transaction is associated with a series of event IDs. Based on the transaction, the system can identify the event IDs that are affected.

Each combination of a group account and an event ID is associated with a specific account (accounting distribution). Therefore, once the system knows the appropriate group account/evnt ID combinations, it is able to debit/credit the accounts associated with those combinations.

INVENTORY ACCOUNTING ACTIVITIES TABLE

The **Accounting Activities Table** is used in conjunction with the *Group Account Inquiry (GAI)* screen to interpret accounting activity in the Inventory module. The table shows the following for each item/group account:

- Transaction type
- Event ID associated with that transaction
- Accounting rule applied to that transaction
- Account affected by the transaction
- Effect of the transaction (DR/CR)

For example, the direct issue transaction is associated with event IDs A020, A010, E010, A100, A060, A070 and A080. The system combines each of these event IDs with the appropriate group account for the item. Based on these combinations, the system will debit Reserve for Inventory, credit Inventory, debit Usage Expense etc. within the group account for that item.

You can view the Accounting Activities Table in the **QRG** section at the back of this training manual.

NOTES

```

INQUIRY                                GROUP ACCOUNT INQUIRY                                IN.IAGAI
NEXT FUNCTION GAI                      REQUEST _____ ACTION: _____ 10/12/2006 07:23:10
INQUIRY ACCOMPLISHED
ENTER FOR MORE
KEYS: _____
-----
Group Type  Group Account  Event Id  Event Description  GL Company  General Ledger Account Number  GL Center Code  FC Summ Ind
-----
- A 42MEAT  010 INVENTORY          XX01 116800          710028305      N
- A 42MEAT  020 RESERVE FOR INVENTOR XX01 321101          7100           Y
- A 42MEAT  040 MEAT SALES        XX01 533000005      113011045      N
- A 42MEAT  045 REVENUE-INSIDE SALES XX01 434110910      710028305      N
- A 42MEAT  060 STORAGE OVERHEAD  XX01 321101          7100           Y
- A 42MEAT  070 INTERCOMPANY RECEIVA XX01 174201          7100           N
- A 42MEAT  080 INTERCOMPANY PAYABLE XX01 274207          1000           N
- A 42MEAT  090 RESERVE ADJUSTMENT XX01 321102          1130           Y
- A 42MEAT  100 EXPENSE OFFSET    XX01 590000          1000           Y
- A 42MEAT  210 CONSUMPTION      533800005      N
  
```

From the *GAI* screen, note that the group account for a meat product is 42MEAT.

Transaction	DR/CR	Account Name	Group Type	Event	Acctg. Rule
Receipt	DR	Inventory	A/L	010	01
	CR	Reserve for Inventory	A.L	020	02
	CR	Receipt Overhead	A/L	050	05
	DR/CR	Inventory Adjustment *	A/L	090	09

From the Accounting Activities Table, note that the event IDs associated with the receipt of an item are A010, A020, A050 and A090.

The system now automatically debits/credits the accounting distributions associated with the following group account/event ID combinations:

- 42MEAT/A010
- 42MEAT/A020
- 42MEAT/A050
- 42MEAT/A090

Note that NC agencies generally do not apply overhead to receipts. Most group accounts will not utilize this event ID.

NOTES

```

INQUIRY                GROUP ACCOUNT INQUIRY                IN.IAGAI
NEXT FUNCTION GAI     REQUEST _____ ACTION: _____ 10/12/2006 07:23:10
INQUIRY ACCOMPLISHED
ENTER FOR MORE
KEYS: _____
  
```

Group Type	Group Account	Event Id	Event Description	GL Company Code	General Ledger Account Number	GL Center Code	FC Summ Ind
A	42MEAT	010	INVENTORY	XX01	116800	710028305	N
-	A	42MEAT	020 RESERVE FOR INVENTOR	XX01	321101	7100	Y
-	A	42MEAT	040 MEAT SALES	XX01	533000005	113011045	N
-	A	42MEAT	045 REVENUE-INSIDE SALES	XX01	434110910	710028305	N
-	A	42MEAT	060 STORAGE OVERHEAD	XX01	321101	7100	Y
-	A	42MEAT	070 INTERCOMPANY RECEIVA	XX01	174201	7100	N
-	A	42MEAT	080 INTERCOMPANY PAYABLE	XX01	274207	1000	N
-	A	42MEAT	090 RESERVE ADJUSTMENT	XX01	321102	1130	Y
-	A	42MEAT	100 EXPENSE OFFSET	XX01	590000	1000	Y
-	A	42MEAT	210 CONSUMPTION		533800005		N

Looking back at the *GAI* screen, we can identify the set of accounting distributions that the system will debit/credit for a receipt of meat. Note that 42MEAT does not have event ID A050. This screen shows the debit to the accounting distribution XX07 116800 710028305 which is the Inventory asset account for meat.

```

INQUIRY                GROUP ACCOUNT INQUIRY                IN.IAGAI
NEXT FUNCTION GAI     REQUEST _____ ACTION: _____ 10/12/2006 07:23:10
INQUIRY ACCOMPLISHED
ENTER FOR MORE
KEYS: _____
  
```

Group Type	Group Account	Event Id	Event Description	GL Company Code	General Ledger Account Number	GL Center Code	FC Summ Ind
A	42MEAT	010	INVENTORY	XX01	116800	710028305	N
A	42MEAT	020	RESERVE FOR INVENTOR	XX01	321101	7100	Y
-	A	42MEAT	040 MEAT SALES	XX01	533000005	113011045	N
-	A	42MEAT	045 REVENUE-INSIDE SALES	XX01	434110910		N
-	A	42MEAT	060 STORAGE OVERHEAD	XX01	321101		Y
-	A	42MEAT	070 INTERCOMPANY RECEIVA	XX01	174201		N
-	A	42MEAT	080 INTERCOMPANY PAYABLE	XX01	274207	1000	N
-	A	42MEAT	090 RESERVE ADJUSTMENT	XX01	321102	1130	Y
-	A	42MEAT	100 EXPENSE OFFSET	XX01	590000	1000	Y
-	A	42MEAT	210 CONSUMPTION		533800005		N

The system also credits XX07 321101 7100 which is the Reserve for Inventory for meat products.

The system also debits or credits (as needed) XX01 321102 1130 which is the Reserve Adjustment account for meat products, if the on-hand quantity is less than zero at the time of receipt.

NOTES

Benefits of the Inventory Module

There are several benefits of the Inventory module”

- The Inventory module prompts the user to order additional inventory when supply is low.
- When the central supply warehouse ships inventory to the subsidiary warehouse, both warehouse’s inventories are updated real-time.
- With cycle counting, damaged, lost, missing items are tracked and GL is updated.
- Correct accounts are automatically posted in GL.
- Inventory locations are documented in Inventory.
- Levels prevents overstock situations at main or subsidiary warehouses.
- The module concurrently supports expense and consumption accounting.

System Balancing

The Inventory module is balanced daily. All financial transactions that are made must be passed through the Financial Controller.

Cycle counting provides an item count and value, which can be used to correct perpetual and General Ledger balances.

Agencies use the **Activity Register by Warehouse** report (WHSEACT) in X/PTR Group IN270-2 to balance month-to-date balances by item.

Exception Processing

Budgetary Control Exceptions

Why do they occur?

Insufficient funds and incorrect accounting distributions are the two main causes of budgetary control exceptions.

With regard to insufficient funds, funds to process transaction are not available to the requester. For internal replenishment (main warehouse to sub-warehouse), funds checking occurs only on intercompany transactions. For all other orders, funds checking always occurs.

Who resolves?

The agency budget officer resolves any budgetary control exceptions.

How are they resolved?

NOTES

- Pass to BCQ
- Transfer funds
- Authorize the exception
- Reduce the quantity ordered
- Select the correct accounting distribution

Min/Max Exceptions

Why do they occur?

The quantity exception follows the min/max rule that establishes a minimum and maximum level of inventory necessary for a specific item.

Who resolves?

Each agency designates the appropriate person to resolve min/max issues.

How are they resolved?

- Reduce the quantity
- Ignore the warning and pass to an additional approver

Insufficient Inventory

Why do they occur?

- Not enough stock to fill the order at time usage order is submitted
- Not enough stock to fill an order at time usage order is released:
 - On the release date, the NCAS
 - Releases order
 - Allocates quantity
 - Produces pick list
- Use the **Allocation Exception Report** in X/PTR report group IN260-4 to inquire on allocation exceptions.

How are they resolved?

The warning may be ignored. An adequate amount of item may be in warehouse at the time the order is filled. Items will automatically be back ordered if necessary.

The item is back ordered.

The requester may reduce the quantity ordered to equal the quantity actually allocated and then close the order.

If the requester simply allows the back order to remain, then the system automatically fills the back order when the material is available.

NOTES

AP Price Variances

Why do they occur?

The invoice unit price does not equal PO unit price. Additional charges, such as freight can cause AP price variances. Through a modification to the system, the NCAS no longer regards taxes as a variance.

Who resolves?

The exception is automatically posted to the GL.

How are they resolved?

The variance is posted to the appropriate asset account. The variance is applied to the remaining inventory items and the average cost is recalculated for the remaining items. This procedure can sometimes severely skew average costs for items remaining in inventory.

To reconcile average cost changes, refer to the **Average Cost Changes Due To AP Variances** report in X/PTR report group IN285-2.

Information Access

Online Inquiry

- The *Usage Order inquiry (UOI)* screen
- The *find Inventory by Item (FI)* screen
- The *Requirements Inquiry By Item (RIBI)* screen

The Usage Order inquiry (UOI) screen

Line	Suffix	Item Number/ Unit Cost	Account	Description/ Center	Quantity	Date Rqd	Sts	BC U/M
001	000	0002274		PLASTIC LINERS, MEDIUM, BUFF, MED. WEIGHT, 250/CS				
0000020	.1506	593110		111011005	0000003	05/17/06	F	CS
002	000	0002275		PLASTIC LINERS, LARGE, WHITE, 200/CS				
0000013	.9708	593110		111011005	0000001	05/17/06	F	CS
003	000	0009251		PLASTIC LINERS, SMALL, 15' X 9' X 23', 250/CS				
0000008	.2408	593110		111011005	0000001	05/17/06	F	CS

NOTES

Reports

Valued Transaction Register by Warehouse (RVTRW)

The **Valued Transaction Register by Warehouse** report (RVTRW), shows all transaction types for the previous day and the resulting entries to the GL. The RVTRW report is located in X/PTR in report group IN261-1.

For each item the report lists the exact time of transactions, the quantity and unit cost of the transaction, and the resulting entries to GL. Internal replenishment transactions display under the central supply warehouse.

The monthly version of this report is located on X/PTR in report group IN275-1.

Inventory Valuation Detail by Warehouse (WHSEVALU)

The **Inventory Valuation Detail by Warehouse** report (WHSEVALU), lists the detail value of each item at each warehouse. The total value of inventory in a warehouse should be the same as the asset balance in GL (give or take a dollar to account for rounding off). The WHSEVALU report is located in X/PTR in report group IN 285-3.

Inventory Turns by Warehouse

There are three Inventory turns reports: **Inventory Turns by Warehouse, Inventory Turns by Item, Inventory Turns Summary**. These reports, which list the monthly turnover of all inventory, are located in X/PTR in report group IN 286-1.

Accounts Receivable

Overview

The Accounts Receivable (AR) module is a customer database that tracks outstanding receivables. It does not include billing features.

- ◆ See the **SIG** for additional information about the **Accounts Receivable** module.

Key Data Element

The key data element of the Accounts Receivable module is the customer ID. The **customer ID** is either the vendor's federal ID number or the social security number.

OSC Responsibilities

According to General Statute 147-86.20-.27, the OSC is responsible for developing and maintaining an Accounts Receivable system, including the associated policies and reports.

- ◆ See the **Statewide Accounts Receivable Policy** on the **SIG** for additional information.

Agency Responsibilities

The agencies must follow policies and procedures outlined by the OSC. They also use the system to account for receivables. Information from the AR is then reported to OSC.

