

STATE OF OKLAHOMA
OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES
GAAP CONVERSION MANUAL

R. INTERAGENCY/INTRA-AGENCY ELIMINATIONS

June 2021

I. PURPOSE AND OBJECTIVES

The ACFR presents the state's revenues and expenditures net of the effect of payments between agencies or within a single agency. The effect of payments between agencies or within a single agency must be eliminated to prevent a "grossing up" or overstatement of both revenues and expenditures.

The state's accounting system is structured to allow warrant payments between agencies, or between class/fundings within a single agency. Consequently, when all agencies are combined within the General Fund, this results in revenues and expenditures being recorded twice within the same fund type. The state's accounting system provides for the identification of the expenditure side of these transactions (when you pay another state agency). However, when a warrant is sent from one agency to another (when you receive payment from another state agency), the agency receiving the payment will record the warrant as revenue in the same manner as if it were a payment from an entity outside the state. Accurate completion of the Interagency Payments Summary allows the deposits to revenue from other state agencies, or deposits within the same agency between class/fundings to be eliminated from the correct revenue account.

II. AGENCY ACTION REQUIRED

- A. Obtain and review the OMES report "Summary of Payments Received from Other State Agencies".
- B. Carefully read the key terms in Part III.
- C. The Interagency Payments form (summary) should reflect amounts as of close of business on June 30.
- D. Round all dollar amounts to the nearest whole dollar.
- E. All working papers are subject to audit by the State Auditor & Inspector (SA&I). The agency is required to keep a copy of the completed summary form and all associated working papers for three years after the completion of the SA&I audit.
- F. The person who completes and signs the summary form should keep a copy. OMES will contact this person if there are any questions.
- G. If needed, call your agency's financial reporting analyst for guidance.
- H. Return the completed summary form to your OMES financial reporting analyst by e-mail no **later than the due date shown on the form**. **If you can return it earlier, please do so.**

III. KEY TERMS

- A. Account Description is the roll-up account description for revenue codes that fall within the related revenue code range presented on the form.
- B. Detail Tax Account is the actual tax account that was used for the deposits. All tax account codes begin with 41XXXX. The actual depositing account for any tax deposit is required due to detailed tax presentations in the ACFR.
- C. Interagency Revenues and Expenditures are revenues or expenditures that are received from or paid to another state agency that is within the same fund type. Revenues or expenditures that are payments between different fund types (such as from the General Fund to a Pension Trust Fund) are typically treated as arms-length transactions and are not eliminated.
- D. Intra-agency Revenues and Expenditures are revenues and expenditures where payments are made between different class/fundings within the same agency where the class/fundings are the same fund type (i.e. General Fund). Payments between different fund types are typically treated as arms-length transactions and are not eliminated.

- E. Summary of Payments Received from Other State Agencies is a summary report generated from PeopleSoft after fiscal year end that shows the total amount of payments received from other state agencies. This report summarizes by agency the total amount of expenditures from all other state agencies to your agency.

IV. SPECIFIC INSTRUCTIONS

A. Preparation of the Data

Prior to completing the summary form, it is necessary to review all deposits and identify any that were received from a fund type other than the General Fund. Deposits from another state agency that were from a different fund type are reported on the summary form to agree to the Summary of Payments report total for all expenditures paid to your agency.

B. Completing the Inventory Summary Form

Complete only one Interagency Payments Summary form for your entire agency unless you are specifically requested to report some data separately.

1. Enter the agency ACFR code, name, and funds/accounts to be included in the summary.
2. Provide the name, title, phone number and date for each person who completes and approves this summary form. The finance officer or executive director should approve and sign the form before sending it to OMES. Keep a copy of the form. When submitting the form via email, it should come from the address of the approving officer. This will act as an implicit electronic signature verifying the form has been reviewed for validity, accuracy, and completeness.
3. Enter the grand total from the Summary of Payments received from Other State Agencies report. This total should agree to the total of line 7.
4. Enter the amounts received from other state agencies that were coded to a tax revenue account. Enter the actual tax account code used on the "Detail Tax Account" line. All tax account codes begin with "41". If deposits were made to multiple tax revenue accounts, enter each unique tax account code where funds were deposited from another state agency.
5. For each revenue code range, enter the aggregate amount of deposits from other state agencies. It is not necessary to provide unique revenue codes for these ranges. Under certain circumstances, a reasonable estimate may be used for payments from a specific agency. For example, your agency may only receive one type of payment from another state agency, and it would be acceptable to generalize that all payments were deposited and recorded under the same summary revenue code.
6. Enter the total of amounts received from other agencies that were deposited to a fund type other than the General Fund type. Within the State, all fund types that begin with 1XXX (for example, 1000, are General Fund types). If you have an agency fund type (7xxx), some of the payments received from another agency could have been for this fund type instead of the General Fund. Only payments within the General Fund type are eliminated. Entering an amount here will allow for a complete reconciliation of the amount on line 3 from the Summary of Payments Received from Other State Agencies report.
7. Enter the total of items 4, 5 and 6. This total should agree to the total on line 3.
8. Provide comments or explanations as needed for any unusual items or circumstances.

C. Working Papers

The agency should keep all worksheets and any documents that support data on the summary form. For example, agencies should thoroughly document:

- * The Summary of Payments Received from Other State Agencies.
- * The source(s) of data to validate revenue amounts.
- * Procedures used to gather data.
- * Methods or judgments used to arrive at any estimates used.