

5. RECONCILIATION DIFFERENCES FOR REVENUES

In FY99, the Department maintained a general ledger for the Division of Industries separate from the primary general ledger of the Department. The Division of Industries (PI) is an enterprise fund that operates like a private sector company. PI uses a business accounting software system which operates on an accrual basis versus the Statewide Accounting and Reporting System (STARS) that operates on a cash basis. The use of a different basis of accounting creates a more difficult reconciliation, but certainly not an impossible one.

The Department has recognized the need to combine its accounting functions and general ledgers within one Division. In March 1999, the Financial Accounting Branch integrated the Division of Industries' disbursements into the Department's purchasing and payables systems. Also, the Division of Industries' expenditure reconciliations were incorporated into the Department's reconciliation process at that time.

The Division of Industries began processing cash receipts and invoicing through the Department's general ledger on July 1, 1999. For fiscal years beginning after FY99, this will allow the Financial Accounting Branch to reconcile both expenditures and revenues in the same manner that all other expenditures and revenues are reconciled.

6. INVOICES NOT PAID TIMELY

As stated previously, the Division of Industries' disbursements were integrated into the Department's purchasing and payables systems in March 1999. The Department's system has procedures and automated edits in place that should prevent late payment of invoices.