

STATE OF SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL		
GAAP CLOSING PROCEDURES MANUAL		
INTERFUND PAYABLES CLOSING PACKAGE	REFERENCE	3.18
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### PURPOSE AND OBJECTIVES

The purpose of the Interfund Payables Closing Package is to identify substantial amounts of Interfund Payables. An Interfund Payable at June 30 is an amount that meets both of the following criteria:

- o At June 30, one of your agency's subfunds owed this amount to either:
  - A different agency within the State's financial reporting entity (see Key Terms for definition of the State's financial reporting entity).
  - A different subfund within your agency with a different GAAP Fund Code [such as if your agency's subfund 1001 (GAAP Fund 1001) owed money to your subfund 5055 (GAAP Fund 4005)].
- o Your agency paid this amount in the new fiscal year using either:
  - A Batch Type 4 Interdepartmental Transfer (IDT).
  - A Batch Type 6 Disbursement Voucher.

The following are examples of Interfund Payables at June 30 that should be reported in this closing package:

- A payment in August to another agency or fund for goods or services (other than Medicaid) received on or before the preceding June 30.
- A refund of revenue processed in STARS in September that was payable on or before the preceding June 30.
- Pass-through grant funds drawn down and paid to another State agency in August that were payable on or before the preceding June 30.

This closing package focuses on amounts your agency owes other State agencies or other GAAP fund codes within your agency at the end of the fiscal year. It does not concern itself with:

- o Amounts paid to other State agencies in STARS FM 12 or FM 13.
- o Medicaid reimbursements due to other State agencies.
- o Amounts paid or due to non-State vendors. (See the Accounts Payable Closing Package, Section 3.12).

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The State prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State record a liability for Interfund Payables (and a related asset for Interfund Receivables) on its financial statements at June 30.

#### AGENCY ACTION REQUIRED

- o Identify all new-year STARS FM 01 and FM 02 payments to other agencies within the State's financial reporting entity (see Key Terms), and all new-year FM 01 and FM 02 payments to other GAAP fund codes within your own agency. Using the definition of Interfund Payables in the Key Terms section, review each document to determine whether it meets the definition.
- o Compute the total of the STARS documents that meet the definition. If the total is \$100,000 or more:
  - List on the Interfund Payables Summary Form (GAAP Form 3.18.1) each individual document meeting the definition which is \$5,000 or more. (Note: The total of the documents listed on the Summary Form may be less than \$100,000.)
  - If no individual document meeting the definition is for \$5,000 or more, write "None \$5,000 or More" on the Form.

If the total is less than \$100,000, do not complete an Interfund Payables Summary Form (GAAP Form 3.18.1).

- o Make copies of the STARS documents listed on the Summary Form and attach them to the Summary Form.
- o **NOTE:** It is expected that most interfund payables will be paid by the end of FM 02 of the new fiscal year and will be detected in the review described above. **However, if you know of interfund payables your agency owes that have not been paid as of the end of FM 02, please attach an additional sheet of paper to your Interfund Payables Summary Form describing these payables.**
- o Return the completed materials to the Comptroller General's Office no later than September 15. If you can return them earlier, please do so.

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## KEY TERMS

Disbursement Vouchers to Non-STARS Agencies. The STARS form that agencies use to pay vendors is called a Disbursement Voucher. This form is sometimes referred to as a Batch Type 6 document. Agencies also use disbursement vouchers to make payments to non-STARS agencies within the State's financial reporting entity. (See definition below of State's Financial Reporting Entity.)

Interdepartmental Transfer (IDT). An IDT is the STARS form used to record a payment of \$1,000 or more for goods/services received from, refunds of revenue owed to, or grant funds owed to another STARS agency and/or subfund. The form, which includes data regarding the agencies/subfunds involved, is sometimes referred to as a Batch Type 4 document.

Interfund Payable. An amount is an Interfund Payable at June 30 only if it meets both of the following criteria:

- o At June 30, one of your agency's subfunds owed this amount to either:
  - A different agency within the State's financial reporting entity (see definition of the State's financial reporting entity below).
  - A different subfund within your agency with a different GAAP Fund Code [such as if your agency's subfund 1001 (GAAP Fund 1001) owed money to your subfund 5055 (GAAP Fund 4005)].
- o Your agency paid this amount in the new fiscal year using either:
  - A Batch Type 4 Interdepartmental Transfer (IDT).
  - A Batch Type 6 Disbursement Voucher.

The following are examples of Interfund Payables:

- o A payment in the new fiscal year to a different agency within the State's financial reporting entity or to a different subfund within your agency for goods or services received on or before the preceding June 30.

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- o A refund of revenue paid in the new fiscal year to a different agency within the State's financial reporting entity or to a different subfund within your agency that was payable on or before the preceding June 30.
- o A pass-through grant amount drawn down and paid in the new fiscal year to another agency within the State's financial reporting entity or to a different subfund within your agency that was payable on or before the preceding June 30.

(See definitions below of June 30 and State's Financial Reporting Entity.)

For this closing package, Interfund Payables do not include Medicaid reimbursements the Health and Human Services Finance Commission owes to other State agencies.

The Comptroller General's Office automatically records the proper Interfund Payables and Interfund Receivables for old-year July transactions (see definition of Old-Year/New-Year July Transactions below). Accordingly, agencies should not report these transactions on closing packages.

June 30. Whenever we say June 30, we mean the calendar date June 30. June 30 is not necessarily the same as the end of STARS FM 12. (Some STARS FM 12 transactions and all STARS FM 13 transactions post after June 30.)

Old-Year/New-Year July Transactions. During July, agencies may post STARS transactions to both the old fiscal year and the new fiscal year. We refer to STARS FM 12 and FM 13 transactions with posting dates after June 30 as "old-year July transactions." FM 01 transactions are "new-year July transactions."

Pass-Through Grant. To say that grant funds were passed through means that a State agency distributed the grant funds to grant subrecipients (other State agencies within the State's financial reporting entity for purposes of this closing package). Grant funds used to pay other State agencies under fee-for-service contracts (subcontracts) are not pass-through grants.

State's Financial Reporting Entity. The State's financial reporting entity, for purposes of this closing package, includes all State agencies that use the STARS accounting system as well as the following non-STARS agencies:

- o Connector 2000 Association, Inc.

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- o Department of Commerce, Division of Public Railways.
- o Department of Commerce, Division of Savannah Valley Development.
- o Education Assistance Authority.
- o Governor's School for the Arts Foundation.
- o Jobs-Economic Development Authority.
- o Lottery Commission.
- o Ports Authority.
- o Public Service Authority (Santee-Cooper).
- o Savannah Lakes Regional Loan Fund.
- o Teacher Loan Program of the South Carolina Student Loan Corporation.

#### ACCOUNTING PRINCIPLES AND POLICIES

Generally Accepted Accounting Principles and State budgetary accounting practices require that the State record revenues, expenditures, and interfund receivables/payables in the fiscal year in which your agency received goods or services from, owes a refund of revenue to, or owes grant funds to, another State agency or another GAAP fund within your agency. Data you provide on the Interfund Payables Summary Form (GAAP Form 3.18.1) allows the Comptroller General's Office to adjust balances to conform with this principle.

The State normally will record Interfund Payables (Interfund Receivables) as current liabilities (current assets) in the appropriate individual GAAP funds.

#### WORKING PAPERS

All working papers may be subject to audit. The agency should keep a copy of the completed Interfund Payables Summary Form (GAAP Form 3.18.1) and the attached Disbursement Vouchers and IDT's. In addition, the agency should keep:

- o Working papers that support whether your agency was required to submit a closing package.

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- o A list of the new-year FM 01 and FM 02 STARS documents you reviewed. For each document, the list should identify:
  - Whether the critical event (i.e., receipt of goods or services, obligation to pay a refund of revenue, or request for grant funds) occurred before or after June 30.
  - Whether the document meets the definition of an Interfund Payable (see Key Terms).
  - For documents that meet the definition of an Interfund Payable, the dollar amount. (Note: You may find it convenient to record amounts of \$5,000 or more in one column and lesser amounts in another column.)
  - The payee agency (or for payments within your own agency, the GAAP codes of the "from" and "to" subfunds).
- o Copies of each Disbursement Voucher and IDT voucher packet reviewed, including documentation showing when the critical event (i.e., receipt of goods or services, obligation to pay a refund of revenue, or request for grant funds) occurred.
- o A description of the review steps you applied to each voucher packet reviewed. These steps should include a review of:
  - The payment date.
  - The date the agency received the goods or services, requested the grant funds, or owed the refund of revenue.
- o Documentation of any interfund payables that have not been paid as of the end of FM 02 of the new fiscal year, which you reported on a separate sheet attached to your Interfund Payables Summary Form.

GENERAL INSTRUCTIONS--INTERFUND PAYABLES SUMMARY FORM (GAAP FORM 3.18.1)

- o Carefully read the special definitions that apply to this closing package. (See Key Terms section.)
- o Review new-year STARS FM 01 and FM 02 documents to identify both:
  - All Disbursement Vouchers to non-STARS agencies (see Key Terms).

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- All IDT's to other STARS agencies and to other GAAP fund codes within your own agency.
- o List the identified documents on a working paper.
- o Using the definition of Interfund Payables provided in the Key Terms section, review each document to determine whether it meets the definition. On the working paper, note key dates, amounts, other relevant facts, and your conclusion regarding whether the document meets the definition of an Interfund Payable.
- o Compute the total of all documents that meet the definition.
  - If the total is \$100,000 or more, you must complete and submit an Interfund Payables Summary Form (GAAP Form 3.18.1).
  - If the total is less than \$100,000, do not complete an Interfund Payables Summary Form (GAAP Form 3.18.1).
- o If you must complete and submit a Summary Form, identify which (if any) of the individual documents meeting the definition were for \$5,000 or more.
  - List on the Interfund Payables Summary Form (GAAP Form 3.18.1) each individual STARS document meeting the definition which is \$5,000 or more.
    - \* If your agency has more reportable documents than will fit on one Summary Form, make enough copies of the blank Summary Form to allow listing of all reportable documents.
    - \* Note: The total of the documents listed on the Summary Form may be less than \$100,000.
  - Do not list any document for less than \$5,000 on the Summary Form.
  - If all individual STARS documents meeting the definition are less than \$5,000, write "None \$5,000 or More" on the Summary Form (GAAP Form 3.18.1).
- o Make copies of the STARS documents listed on the Summary Form and attach them to the Summary Form.
- o **NOTE:** It is expected that most interfund payables will be paid by the end of FM 02 of the new fiscal year and will be detected in

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the review described above. However, if you know of interfund payables your agency owes that have not been paid as of the end of FM 02, please attach an additional sheet of paper to your Interfund Payables Summary Form describing these payables.

- o Return the completed Interfund Payables Summary Form (GAAP Form 3.18.1) (with attached STARS documents) to the Comptroller General's Office no later than September 15. If you can return these materials earlier, please do so.
- o The person who prepares the Interfund Payables Summary Form (GAAP Form 3.18.1) should keep a copy. The Comptroller General's Office will call this person if there are questions.
- o Exhibit 3.18 (A) shows a sample completed Interfund Payables Summary Form (GAAP Form 3.18.1). Detailed instructions for completing the Form immediately follow that Exhibit. Exhibits 3.18 (B) and (C) show the IDT's that would be attached to Exhibit 3.18 (A).

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COMPLETING THE INTERFUND PAYABLES SUMMARY FORM (GAAP FORM 3.18.1)

REF	EXPLANATION
(1)	Enter the fiscal year for which this Form applies.
(2)	Enter the agency name and three-character STARS agency code.
(3)	Complete all information regarding preparation of this Form. The Finance Director or Executive Director should approve the Form before sending it to the Comptroller General's Office. Keep a copy of the Form.

**For each STARS document required to be listed, enter:**

- (4) The name of the agency you are paying (i.e., the agency cash is transferred to) or for payments within your own agency, enter the GAAP codes of the "from" and "to" subfunds.
- (5) The voucher number your agency has assigned to the document.
- (6) The dollar amount of the interfund payable.

NOTE: **Attach a copy of each listed document** to the Interfund Payables Summary Form (GAAP Form 3.18.1).

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Exhibit  
3.18 (B)

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AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH	TOTAL BATCH AMOUNT	BATCH DATE	BATCH NUMBER	DOCUMENT
A99	401	7,975	10,020.00			4

AGENCY VOUCHER NUMBER

**IDT0001**

AGENCY TRANSFERRED TO (CR)

NAME

Test Agency

ADDRESS

**STATE OF SOUTH CAROLINA  
INTERDEPARTMENTAL TRANSFER**

C.G. WARRANT NUMBER

AGENCY TRANSFERRED FROM (DR)

NAME

Sample Agency

ADDRESS

**TO THE COMPTROLLER GENERAL**  
The Attached bills are approved for payment as follows:

**FROM**

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB-SIDARY ACCOUNT NO	ENCUM-BRANCE NO	M O D	PROJECT CODE	P H A S E	AGENCY REFERENCE NUMBER	OBJECT CODE	D E T A I L	TRANSACTION AMOUNT	MULTI-PURPOSE CODE	C G R
01	450	A99	0001	1001							0550		5,010.00		
TOTAL											0550		5,010.00		

**TO**

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB-SIDARY ACCOUNT NO	ENCUM-BRANCE NO	M O D	PROJECT CODE	P H A S E	AGENCY REFERENCE NUMBER	OBJECT CODE	D E T A I L	TRANSACTION AMOUNT	MULTI-PURPOSE CODE	C G R
01	400	F99		3035							7425		5,010.00		
TOTAL											7,425		5,010.00		

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law, and that the payee is entitled to payment, therefore by the State of South Carolina.

SIGNATURE LM. Senior OFFICIAL TITLE Dir. of Acct. DATE 07/15/02 C.G. AUDITOR \_\_\_\_\_

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Exhibit  
3.18 (C)

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AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH TOTAL	TOTAL BATCH AMOUNT	BATCH DATE	BATCH NUMBER	DOCUMENT
A99	425	7,975	21,388.00			4

AGENCY VOUCHER NUMBER

IDT 0022

AGENCY TRANSFERRED TO (CR)

NAME
Sample Agency
ADDRESS

**STATE OF SOUTH CAROLINA**

**INTERDEPARTMENTAL TRANSFER**

**TO THE COMPTROLLER GENERAL**  
The Attached bills are approved for payment as follows:

C.G. WARRANT NUMBER

--

AGENCY TRANSFERRED FROM (DR)

NAME
Sample Agency
ADDRESS

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB-SIDIARY ACCOUNT NO	ENCUMBRANCE NO	MOD	PROJECT CODE	PHASE	AGENCY REFERENCE NUMBER	OBJECT CODE	DETAIL	TRANSACTION AMOUNT	MULTI-PURPOSE CODE	CGR
02	450	A99	0001	1001							0550		10,694.00		
TOTAL											0550		10,694.00		

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB-SIDIARY ACCOUNT NO	ENCUMBRANCE NO	MOD	PROJECT CODE	PHASE	AGENCY REFERENCE NUMBER	OBJECT CODE	DETAIL	TRANSACTION AMOUNT	MULTI-PURPOSE CODE	CGR
02	400	A99		3035							7425		10,694.00		
TOTAL											7425		10,694.00		

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law, and that the payee is entitled to payment, therefore by the State of South Carolina.

SIGNATURE L.M. Senior OFFICIAL TITLE Dir. of Acct. DATE 08/15/02 C.G. AUDITOR \_\_\_\_\_

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GENERAL INSTRUCTIONS--INTERFUND PAYABLES CLOSING PACKAGE, REVIEWER  
CHECKLIST (GAAP FORM 3.18.2)

- o The purpose of the Reviewer Checklist is to help your agency perform an effective review of the completed closing package forms **before** you submit them to the Comptroller General's Office. An effective review is essential to minimizing closing package errors. As such, it is an important internal control. **Completion of this Checklist is required.**
- o Retain the completed Checklist for audit along with your other working papers; **do not** return it to the Comptroller General's Office.
- o Your agency's Finance Director, Executive Director, or another reviewer should complete the Reviewer Checklist. The reviewer **must** be someone other than the preparer.
- o Each question on the Reviewer Checklist is designed so that a "No" answer indicates a potential problem. Generally, when the reviewer responds "No," he/she should return the closing package form to the preparer to be corrected and resubmitted. If you believe that a "No" answer to a particular question is unavoidable or acceptable in your unique situation, however, attach an explanation to the completed Checklist and retain it with the completed Checklist.
- o This Checklist is not all-inclusive. It is designed only to detect the most frequent types of errors. It may not identify all possible errors.
- o Exhibit 3.18 (D) shows a sample completed Reviewer Checklist (GAAP Form 3.18.2).

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INTERFUND PAYABLES CLOSING PACKAGE  
REVIEWER CHECKLIST  
FISCAL YEAR 2002

EXHIBIT  
3.18 (D)  
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Reviewer's Signature:	<i>I. M. Senior</i>
Date Last Step Was Completed:	9/15/02

REVIEW STEP	YES/NO
Is the reviewer of the Interfund Payables Summary Form someone other than the person who prepared it?	YES
Did the preparer and reviewer sign the Interfund Payables Summary Form (not just type or rubber-stamp their names)?	YES
Did the preparer and reviewer show their titles and telephone numbers?	YES
Did your agency meet the requirements to complete this closing package?	YES
Can all amounts reported on the Interfund Payables Summary Form be traced back to official agency accounting records or to working papers?	YES
Do the completed closing package Form(s) reflect implementation of all changes in closing package instructions for this year, if any, that apply to your agency?	YES
Are differences between the amounts reported on the Form(s) in the current-year and those reported last year either (1) small or (2) explained (as to reason) in working papers retained for audit purposes?	YES
Did your review of documents include all FM 01 and FM 02 disbursement vouchers to non-STARS agencies and all FM 01 and FM 02 IDT's to STARS agencies and/or to other GAAP fund codes within your own agency?	YES
Does the Form include the agency transferred to, or for payments made within your own agency, the "from" GAAP fund code and the "to" GAAP fund code, the agency voucher number, and the dollar amount of the interfund payable?	YES
Does the Form include only STARS documents totaling \$5,000 or more?	YES
Are copies of the disbursement vouchers and IDT's included with the Form?	YES
Did you attach an additional sheet to your Interfund Payables Summary Form describing any known interfund payables that have not been paid as of the end of FM 02 of the current fiscal year?	YES