

Accounting Insights

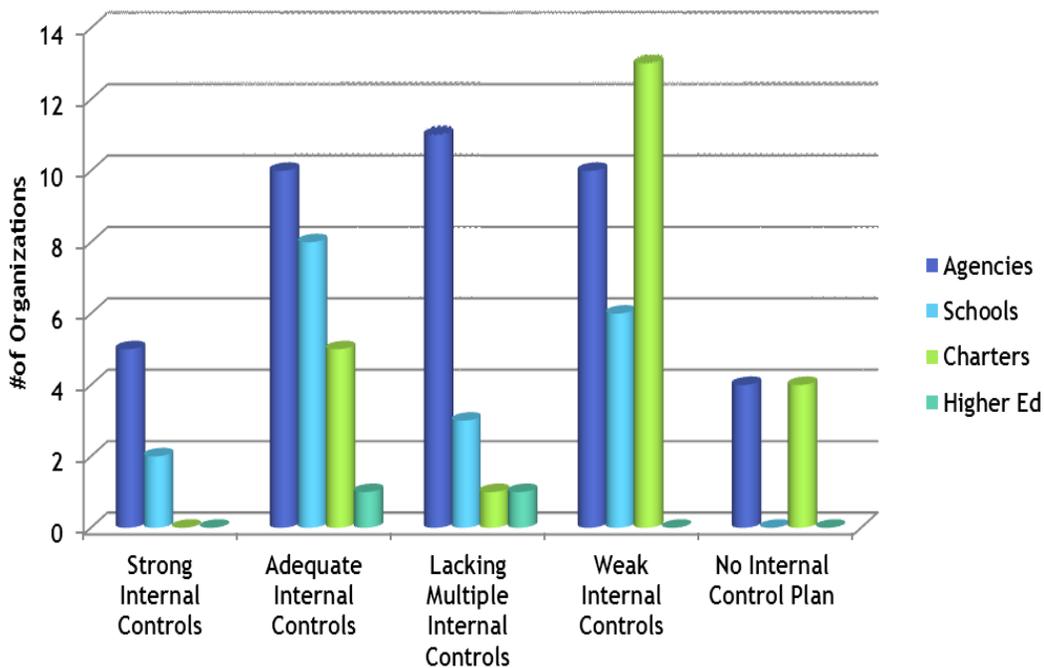


DIRECTOR'S COMMENTS

Welcome to another exciting edition of Accounting Insights. I am your host, Kris Knight. This quarter's newsletter features an exhilarating exposé on risky vendor payments, a sneak preview of some cutting edge year end close approaches, and some great tips for our K-12 contingent. Below, is a summary of the 2013 Payroll Compliance Group's Internal Controls Review. Please take a moment to digest. I would like to thank all of the Organizations that participated. Your involvement and continued support of our compliance initiatives is essential to creating a strong internal control structure throughout the State of Delaware.

INSIDE THIS ISSUE:	
Change in Process: PFA Module	2
Are You Taking Risky Shortcuts to Pay Vendors?	2
Fun Accounting Fact	2
Get Ready for Year End	3
K12 Korner	4
School Codes are Established First Then the Location Codes can be set up	5
Digging Around in Accounts Payable	5

PAYROLL INTERNAL CONTROLS REVIEW FY 2013/2014



Division of Accounting
820 Silver Lake Blvd.
Suite 200
Dover DE 19904

Phone: 302-672-5500
Fax: 302-739-1304
E-mail: amy.parsell@state.de.us

We're on the Web!!!
www.accounting.delaware.gov



CHANGE IN PROCESS: PFA MODULE

The Interdepartmental Payroll Funding Request Form (PFA001) should now be sent to either the following email address or fax number:

Fsf_glpayroll_module@state.de.us

302-739-1200



ARE YOU TAKING RISKY SHORTCUTS TO PAY VENDORS?

When creating a voucher, you suddenly realize the vendor you want to pay is not in FSF. It may be tempting to turn to your petty cash in order to quickly get the payment out the door; but, did you know that by doing that, you will set yourself up for additional responsibilities?

Per IRS Code § 6041(a) you must report payment for services and exempted payments to corporations on a Form 1099.

An Organization that pays a vendor using an account outside of FSF, such as petty cash, is responsible for the following:

1. Contact the vendor to request submission of a Delaware Substitute Form W-9 located on the Division of Accounting (DOA) website.
2. Confirm that the vendor is or is not reportable per the IRS guidelines. (General Instructions for Information Returns at IRS.gov)
3. Establish a tracking system to maintain all transactions for each vendor for reporting purposes.
4. Accurately complete IRS Form 1099 Inbound File and submit to FSF before the due date in January of each year, per the DOA Accounting Memo. This file is then uploaded into FSF system and 1099s are produced.
5. All vendors being paid from petty cash must be paid via check. ACH is not an option.

By the time all these conditions are met, the time saved by not paying through FSF has been expended on the reporting and security responsibilities now on the Organization.

The Division of Accounting has a centralized Vendor Team that works with Organizations to assure all the IRS requirements are met. We provide Organizations with the benefits below.

1. The vendor W-9 is maintained centrally and securely in FSF.
2. The vendor team conducts TIN to IRS Matching daily to ensure that the vendor TIN is valid.
3. The Vendor Team updates the vendor record when necessary and works one-on-one with the vendor to ensure accuracy.
4. All transactions are tracked to provide the vendor and the IRS with a complete and accurate 1099 for reportable vendors.
5. All Organizations are able to use the vendor, eliminating duplication of effort and reducing mistakes.
6. Vendors can select a preferred payment option; check or ACH. Both the check and the ACH advice provide the payment detail.
7. Once established in the system the vendor is available for future payments, reducing time when creating vouchers.
8. Templates can be created in FSF if a vendor is in the system.

To add a new vendor to FSF, direct them to the DOA website, www.accounting.delaware.gov. Have the vendor click on the Delaware Substitute Form W-9 link, complete the form and Submit. The new vendor application is processed and uploaded into FSF the next business day.

FUN ACCOUNTING FACT

The first actor to play Sherlock Holmes was an accountant at Samuelson's Royal Film Agency. The identity of this accountant turned non-professional actor remains at least one unsolved mystery in the history of the great detective.





GET READY FOR YEAR END! WATCH FOR OUR YEAR END ACCOUNTING MEMO!!!!

THINGS TO STAY ON TOP OF AS YEAR END APPROACHES

AN EXCELLENT WAY TO ASSIST IN PURCHASE ORDER MANAGEMENT

Navigate to eProcurement > Buyer Center > Manage Purchase Orders.

Manage Purchase Orders

Search Purchase Orders

Business Unit: STATE Vendor ID: Search
 PO ID: Buyer: Clear
 Date From: Date To: 02/24/2014
 Add New PO Filter By: All
 Attachments P-card
 Enter search criteria to find POs.

Click Search

Your Search returns more than 500 purchase orders, please modify the search criteria to limit your search.

PO ID	PO Date	Status	Buyer Name	Vendor	Vendor Name	Attachments
0000219807	02/21/2014	Pend Appr		0000030304	AMTEK COMP-001	
0000219806	02/21/2014	Pend Appr		0000023582	MCDONALD P-001	
0000219805	02/21/2014	Pend Appr		0000024510	HILYARDS I-001	
0000219804	02/20/2014	Dispatched		0000021326	A E MOORE-001	
0000219803	02/20/2014	Dispatched		0000021326	A E MOORE-001	
0000219802	02/20/2014	Dispatched		0000000033	UNIVERSITY-039	
0000219801	02/20/2014	Dispatched		0000021326	A E MOORE-001	
0000219800	02/20/2014	Dispatched		0000021326	A E MOORE-001	
0000219799	02/20/2014	Dispatched		0000021326	A E MOORE-001	
0000219798	02/20/2014	Dispatched		0000022347	CDW GOVERN-001	

Filter the search results as needed. Clicking on the PO number will take you to the Smart PO. From there you will be able to check items like check budget status and workflow.

****As a reminder all POs must be in Dispatched/ Valid status before YE Close begins; so, using Manage POs will allow you to see POs that are not in that status. Additionally, don't forget to close POs that do not need to roll to the next fiscal year.**

EXCELLENT QUERYS TO ASSIST IN WORKFLOW MANAGEMENT

The DEU_AP_VCHR_DTL_STATUS_NOTPAID and DEU_AP_VCHR_DTL_ST_INCOMPLETE queries allow you to see a vast amount of information about vouchers. We suggest that these queries are run daily. The difference between the two queries is that DEU_AP_VCHR_DTL_ST_INCOMPLETE shows Journal Vouchers. Journal Vouchers do not show up in the DEU_AP_VCHR_DTL_STATUS_NOTPAID query because JVs do not generate a payment.

These queries can also be used to view the match status as well as the budget status after the processes have run at 10:10, 12:10, 2:10 and 4:10. By doing this you will be able to quickly pinpoint any issues and correct your document.

When the queries are run the following information is available:

Date Entered	Last Modified Date	Voucher ID	Vendor Name	Entry Status
Match Status	Approval Status	Budget Status	Entire Chartfield Line	Dollar Amount

K12 KORNER

The K12 Korner is designed specifically with School Districts and Charter Schools in mind. The information included deals with issues and concerns that relate to the Delaware School Districts and Charter Schools.

AN EXCELLENT WAY TO ASSIST IN REQ MANAGEMENT

Navigate to eProcurement > Manage Requisitions.

In the search requisitions box there are several fields that you can search on. Below are some examples on how to fill out this section to get the best results.

DENIED AND CANCELED STATUS

[New Window](#) [Help](#)

Manage Requisitions

Search Requisitions

To locate requisitions, edit the criteria below and click the Search button.

Business Unit:	STATE	Requisition Name:		Budget Status:	
Requisition ID:		Request Status:	Denied		
Date From:		Date To:	02/24/2014		
Requester:		Entered By:		PO ID:	

It's important to take care of REQs in a denied status promptly. If a Denied REQ has a Valid Budget Check, funds that are available to spend are tied up in the pre-encumbrance ledger because they are tied to a denied REQ.

Manage Requisitions

Search Requisitions

To locate requisitions, edit the criteria below and click the Search button.

Business Unit:	STATE	Requisition Name:		Budget Status:	
Requisition ID:		Request Status:	Canceled		
Date From:		Date To:	02/24/2014		
Requester:		Entered By:		PO ID:	

 The Requester specified has no Canceled Requisitions.

[Create New Requisition](#) [Review Change Request](#) [Review Change Tracking](#) [Manage Receipts](#) [Requisition Report](#)

REQs in a canceled status should be closed.

Navigate to Purchasing > Requisitions > and Requester's Workbench and Close the Denied or Canceled REQs to release your funds.

BUDGET CHECKING ERROR AND NOT CHECKED STATUS

[New Window](#) [Help](#)

Manage Requisitions

Search Requisitions

To locate requisitions, edit the criteria below and click the Search button.

Business Unit:	STATE	Requisition Name:		Budget Status:	Error in Budget Check
Requisition ID:		Request Status:			
Date From:		Date To:	02/24/2014		
Requester:		Entered By:		PO ID:	

REQs with Errors in Budget check will not source to a PO. Corrections should be made to the REQ quickly so that the management of your REQs is current and the PO can be created and your purchase made.

[New Window](#) [Help](#)

Manage Requisitions

Search Requisitions

To locate requisitions, edit the criteria below and click the Search button.

Business Unit:	STATE	Requisition Name:		Budget Status:	Not Budget Checked
Requisition ID:		Request Status:			
Date From:		Date To:	02/24/2014		
Requester:		Entered By:		PO ID:	

REQs that do not have a valid budget check will not source to a PO. Use this status filter to quickly identify any REQs that need to be budget checked. You can then utilize the select action drop down; select budget check; and then, click Go to budget check the REQ.

****As a reminder REQs must be in Approved/Valid status with POs Dispatched before YE Close.**



SCHOOL CODES ARE ESTABLISHED FIRST THEN THE LOCATION CODES CAN BE SET UP

When establishing new location codes (bill to/ship to/asset), remember that if it's a completely new location (one that DOE has just assigned) you must fill out the [KK005](#) form. The form must be sent to DOE for approval prior to completing and submitting the [PO001](#) form to FSF. New location codes cannot be established until the School Code has been established by submitting the [KK005](#). There is smart numbering in the Location Codes which derives from the School Code.

****New Charter Schools: It's important to remember that you must submit the [PO001](#) form so that the Location Codes can be established prior to submitting your eSecurity forms to gain access to FSF.**



DIGGING AROUND IN ACCOUNTS PAYABLE

As the Division of Accounting Payroll Compliance Group (PCG) continues its work with the Accounts Payable (AP) team to analyze transactions linked to employees in the State's FSF system, it becomes more and more apparent that this is an area that will require on-going scrutiny and continued outreach to the field to correct non-compliant practices.

At the last Payroll Forum meeting, we discussed the importance of paying and reporting all things taxable to an employee through the PHRST Payroll system. Each time we discuss this topic, more Organizations make the connection and reconsider routine payments being made through AP and determine that these payments should be reported through payroll.

Think of the PCG as a team of archeologists digging through the AP module in search of fossil transactions that look like wages or imputed income that should be reported in the Payroll system. We find a "bone" that looks out-of-place and "dig" a little deeper. Sometimes, when we brush the dust off of questionable payments, we find a whole skeleton that needs to be examined.

We understand that honest mistakes happen; but, hold on to your Indiana Jones hat! We've been told that sometimes pressure is brought to bear from higher up to ignore regulations in favor of an expeditious solution to an immediate problem. We have heard, from more than one source, that when push comes to shove and a supervisor, manager, or Organization Head insists that something is done "their way" the representative has little recourse. Let's make it our mission to remove this mindset from the equation. Employees should never fear for their jobs when they are simply doing their jobs to the best of their ability. And, a big part of a financial/payroll job is to enforce laws and regulations. Every State employee charged with oversight of financial transactions should have one goal: to timely, accurately, and legally record every transaction in the appropriate system of record.

The PCG encourages Organizations to take a Bottom-Up Top-Down approach to compliance. Recognize that your HR and Payroll Departments are closest to the reality of a situation and the regulations that must be considered. Compliance should not only be encouraged from all levels; but, it must be expected and enforced at all levels of an Organization. Employees must not be put in the position of having to "look the other way" while a transaction is intentionally processed incorrectly.

Since all monies flow through the FSF system, the AP and PCG teams will continue to "dig up" erroneous AP payments and work with Organizations to correctly report the transactions in the Payroll system.

