Summary of Changes to Transaction Codes

OFM is making some changes to certain AFRS payment transaction codes (TC) to improve reporting in three areas: OMWBE, 1099-MISC, vendor checkbook (transparency). Currently, reporting in these three areas is mainly driven by the subobject on the payment transaction.

- For OMWBE and 1099-MISC reporting, there is a descriptor table in AFRS (D78) that inserts the appropriate OMWBE flag and/or IRS box based on the vendor type and subobject.
- For the vendor checkbook, the subobject drives which payments are displayed on the transparency website.

The good things about this process of using subobjects are AFRS can automatically determine the appropriate IRS box and OMWBE flag, and we can avoid displaying certain payments on the vendor checkbook. The problem with this reliance on subobjects is that sometimes there are payments that are expenditure-related and subject to reporting/disclosure that do not contain a subobject. In these cases, the expenditure transaction, which requires a subobject, is not recorded at the same time the payment occurs, so these transactions fall through the cracks and are often missed for reporting purposes. The changes OFM is making to payment TCs is intended to include all appropriate transactions in OMWBE, 1099-MISC and vendor checkbook reporting.

Transaction Code Changes

1. Payment TCs that currently have subobject as an *optional* field will be changed so the subobject is either required or not allowed.
2. Additional TCs for General Ledger (GL) level payments and credit memos, similar to existing TCs, have been added. In each pair of TCs, one TC will require a subobject and one TC will not allow a subobject.

   A complete list of new and updated TCs related to this change is included below along with the variable GL codes allowed with each TC.

What does this mean for you? The common TCs that will be affected are TC 955 and 642 (IAP). When using these TCs, you will have to give some consideration to the payment purpose and related transactions in order to determine the correct TC to use. If your agency has an in-house system with TCs hard-coded, it could require a change to the TC or the addition of a subobject. You may also need to update financial toolbox templates used by your agency.

Specific Guidelines for General Ledger (GL) Level Payments

A. GL level payments that do not record expenditures but that are related to expenditures should be made using TC 955 (TC 960 for credit memos) and the appropriate subobject. For IAPs, the TC is 649 (TC 624 for credit memo). "Related to expenditures" means that an expenditure transaction has or will be recorded, but not at the same time as the payment. Examples:

   i. The expenditure is recorded without making a payment; the payment will be made later. Common examples of this are estimated accrued expenditures [DR 6560/CR 51xx] and other manual (JV) accruals [DR 6505/CR 51xx] are recorded using a

subobject. When the related payment is made, it is considered an expenditure-related transaction and the same subobject used on the expenditure (accrual) transaction should be coded on the payment.

ii. A payment is made without recording an expenditure, but a related expenditure will be recorded when certain conditions are met. A common example of this is an inventory purchase. The payment to purchase the inventory is made using GL 1410 or 1420, but no expenditure is recorded at that time. The expenditure will be recorded in the future as inventory is used. Again, this is considered an expenditure-related transaction, so the payment should be made using the same subobject that will be used when the related expenditure is recorded.

B. GL level payments that are not related to expenditures should be made using the new TC 951 (TC 968 for credit memos) with no subobject. For IAPs, the TC is 570 (TC 578 for credit memo). These payment transactions will bypass the D78 process, so there will not be an OMWBE code or IRS box applied. They will also not be included in the vendor checkbook. Examples:

i. Payroll deductions taken from employees' salaries, such as garnishments, that are then paid to the appropriate entity.

ii. Unidentified funds received and deposited, for example in the suspense account, that are subsequently determined to not belong to the agency and must be returned.

iii. Funds received as a deposit to ensure compliance, such as housing deposits or contract deposits. Once the payee has met the agreed-upon requirements, the agency must refund the deposit. If the payee does not comply with requirements, there is no payment.

C. Agencies are responsible for determining which TC is appropriate for their specific situation. Agencies are encouraged to discuss unclear situations with their OFM Statewide Accounting consultant.

D. Agencies are encouraged to monitor usage of GL level TCs that do not require a subobject to ensure they are being used as intended.

Summary of Changes to Transaction Codes

New and Updated Transaction Codes

The following two tables list the payment TCs that do not currently have an indicator that either requires (R) or does not allow (N) a subobject on the transaction. Since the subobject indicator is blank, subobject is currently an optional field on a transaction using these TCs. The change OFM is making will add an indicator, as shown in the "S/O" column below, to the TCs so that a subobject is either required (R) or not allowed (N).

Warrant or ACH Payments

(N = subobject not allowed; R = subobject required)

TC	DESCRIPTION	DR	CR	S/O	NOTES
058	RCRD ADV TO OTH FNDS (TREA)	1353	5111	N	This is an interfund transfer where receiving acct is outside treasury and not related to expenditure. Used by DOC only.
295	ISSUE LONG TERM RECEIVABLE	Var	5111	N	Variables are all LT receivables and are not related to expenditures. Used by DSHS only.
410	ACQUISITION OF INVESTMENTS (TREA)	1210	5111	N	Not related to expenditure. Since 2008, used by DRS only.
446	WARRANT/INVENTORY	1410	5111	R	NEW – replaces TC 557
466	APPLY CR MEMO/INVENTORY	5111	1410	R	NEW – replaces TC 577
557*	WARRANT/INVENTORY/RESERVE	1410	5111	R	Purchasing consumable inventory; require subobject. Related to expenditure.
577*	APPLY CR MEMO/INVENTORY/RESERVE	5111	1410	R	Credit memo related to TC 557; require subobject. Related to expenditure.
763	PR VENDOR PAYMENTS	5124	5111	N	Used primarily by HRMS to make payments on behalf of employees (payroll deductions). Not related to expenditures.
957	TRAVEL ADVANCE PAYMENT-RECEIVABLE	1383	5111	R	Travel advances; require subject. Related to expenditure.
951	REQUEST WARRANT/NON-EXPENDITURE	Var	5111	N	NEW - GL level payment that does not allow subobject. Refer to list of allowable variable GLs below.
968	CR MEMO WITH GL ONLY WARR REQUEST (NON-EXPENDITURE)	5111	Var	N	NEW – credit memo related to GL level payment (TC 951) that does not allow subobject. Refer to list of allowable variable GLs below.
955	REQUEST WARRANT (EXPEND)	Var	5111	R	GL level payment will now require subobject. Refer to list of allowable variable GLs below.
960	CR MEMO WITH GL ONLY WARR REQUEST (EXPEND)	5111	Var	R	Credit memo related to GL level payment (TC 955) will now require subobject. Refer to list of allowable variable GLs below.

***** TCs 557 and 577 are being eliminated as a result of GASB 54 implementation. Replacement TCs are 446 and 466, respectively.

Summary of Changes to Transaction Codes

Inter-Agency Payments (IAP)

(N = subobject not allowed; R = subobject required)

TC	DESCRIPTION	DR	CR	S/O	NOTES
570	INTER-AGENCY PAYMENT/ACCTS PAYABLE	Var	5111	N	NEW - GL level payment that does not allow subobject. Refer to list of allowable variable GLs below.
571	REQUEST INTER-AGENCY PAYMENT	Var	5154	N	NEW - GL level payment that does not allow subobject. Refer to list of allowable variable GLs below.
578	INTERAGENCY PAYMENT GL CREDIT MEMO	5111	Var	N	NEW – credit memo related to GL level payment that does not allow subobject. Refer to list of allowable variable GLs below.
583	INTERAGENCY PAYMENT GL CREDIT MEMO	5154	Var	N	NEW – credit memo related to GL level payment that does not allow subobject. Refer to list of allowable variable GLs below.
624	INTERAGENCY PAYMENT GL CREDIT MEMO	5111	Var	R	Credit memo related to GL level payment will now require subobject. Refer to list of allowable variable GLs below.
629	INTERAGENCY PAYMENT GL CREDIT MEMO	5154	Var	R	Credit memo related to GL level payment will now require subobject. Refer to list of allowable variable GLs below.
642	INTER-AGENCY PAYMENT/ACCTS PAYABLE	Var	5111	R	GL level payment will now require subobject. Refer to list of allowable variable GLs below.
649	REQUEST INTER-AGENCY PAYMENT	Var	5154	R	GL level payment will now require subobject. Refer to list of allowable variable GLs below.
665	INTER-AGENCY CREDIT MEMO/INVENTORY	Var	1410	R	Purchasing consumable inventory; require subobject. Related to expenditure.
667	INTER-AGENCY PAY/INVENTORY	1410	Var	R	Credit memo related to TC 557; require subobject. Related to expenditure.

Summary of Changes to Transaction Codes

Warrant and ACH Payments – Variable GLs allowed

TC 955/960 – subobject required	
Var-GL	Variable GL Title / Notes
1140	Cash and Investments with Escrow Agents/Trustees
1150	Cash with Fiscal Agents
1383	Travel Advances – obj G
1410	Consumable Inventories - obj E
1420	Merchandise Inventories - obj F
1510	Prepaid Expenses obj E
2110	Land – obj J
2120	Transportation Infrastructure - Mod Appr - obj J
2130	Art/Library Reserve/Museum Hist Collect - obj J
2140	Intangible Assets – Indefinite Lives - obj J
2210	Buildings - obj J
2310	Improvements other than Buildings
2350	Leasehold Improvements - obj J
2370	Infrastructure - obj J
2410	Furnishings and Equipment
2430	Library Resources - obj J
2450	Art/Library Reserve/Museum Hist Collect - obj J
2470	Intangible Assets – Definite Lives - obj J
2510	Construction In Progress
5111	Accounts Payable
5113	Claims and Judgments Payable
5115	Contracts Payable
5116	Retained Percentages Payable
5117	Construction Contracts Payable
5151	Due to Federal Government
5152	Due to Other Governments
5154	Due to Other Agencies
5158	Due to Dept of Revenue – Taxes; use TC 649 (IAP) – OK to code all to one subobject
5195	Deferred Expenditure Recoveries
5198	Loans Payable
5199	Other Liabilities
5284	Tuition Benefits Payable

TC 951/968 – subobject not allowed	
Var-GL	Variable GL Title / Notes
1140	Cash and Investments with Escrow Agents/Trustees
1150	Cash with Fiscal Agents
1312	Accounts Receivable
1314	Loans Receivable
1319	Other Receivables
1324	Salaries and Fringe Benefits Receivable
1351	Due from Federal Government
1352	Due from Other Governments
1354	Due from Other Agencies
1614	Loans Receivable
1652	Due from other Governments
5113	Claims and Judgments Payable
5124	Accrued Salaries and Fringe Benefits Payable
5140	Due to Terminated Employees
5145	Due to Deceased Employees' Estates
5152	Due to Other Governments
5153	Due to Other Agencies
5154	Due to Other Agencies
5155	Due to Other Funds – Pooled Cash/Investments
5158	Due to Department of Revenue - Taxes
5181	Employee Insurance Deductions Payable
5284	Benefits Payable
5187	Industrial Insur & Medical Aid Deductions
5189	Garnishment Deductions Payable
5190	Unearned Revenues
5191	Deposits Payable
5192	Deferred Revenues
5194	Liability for Canceled Warrants/Checks
5198	Loans Payable
5199	Other Liabilities
5284	Tuition Benefits Payable
5273	Certificates of Participation/Payable (OST-010)
5291	Deposits Payable
5297	Fees Payable (OST-010)

Summary of Changes to Transaction Codes

Inter-Agency Payments (IAP) – Variable GLs allowed

TC 642/624 – subobject required	
Var-GL	Variable GL Title / Notes
1353	Due from Other Funds
1354	Due from Other Agencies
1410	Consumable Inventories - obj E
1420	Merchandise Inventories - obj F
1510	Prepaid Expenses obj E
5116	Retained Percentages Payable
5154	Due to Other Agencies
5158	Due to Dept of Revenue – Taxes – OK to code all to one subobject
5199	Other Liabilities

TC 570/578 – subobject not allowed	
Var-GL	Variable GL Title / Notes
1352	Due from Other Governments
1353	Due from Other Funds
1354	Due from Other Agencies
5124	Accrued Salaries and Fringe Benefits Payable
5153	Due to Other Funds
5154	Due to Other Agencies
5158	Due to Dept of Revenue – Taxes
5187	Industrial Insur & Medical Aid Deductions
5191	Deposits Payable
5194	Liability to Cancelled Warrants/Checks
5199	Other Liabilities
5273	Certificates of Participation/Payable (OST-010)

TC 649/629 – subobject required	
Var-GL	Variable GL Title / Notes
1312	Accounts Receivable
5111	Accounts Payable
5154	Due to Other Agencies
5158	Due to Dept of Revenue – Taxes – OK to code all to one subobject
5191	Deposits Payable
5195	Deferred Expenditure Recoveries
5199	Other Liabilities

TC 571/583 – subobject not allowed	
Var-GL	Variable GL Title / Notes
1312	Accounts Receivable
5155	Due to Other Funds – Pooled Cash/Investments
5191	Deposits Payable
5199	Other Liabilities