



85.36 Disbursement Processing

85.36.10

July 1, 2000

Agency disbursement processes

Agency disbursement processes should minimize the cost of making disbursements by using the most cost effective means available. To optimize cash management, agencies should minimize early payments unless the early payments result in vendor discounts.

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Disbursement mechanisms

Disbursement mechanisms available to state agencies include:

- **Treasury Warrants** - Refer to Subsection 85.36.30.
- **Local Checks** - Refer to Subsection 85.36.40.
- **Wire Transfers** - OFM approval may be required to disburse funds via this method. Refer to Subsection 40.30.20.
- **Automated Clearing House (ACH)** payments are electronic fund transfers from a state bank account to a payee's account at their designated financial institution. ACH payments should be used, if possible, for payments from treasury-type accounts to local accounts.
 - **AFRS ACH** payments are electronic fund transfers that originate in the Agency Financial Reporting System (AFRS). The ACH payment information is processed nightly and communicated electronically to the Office of the State Treasurer (OST), who passes the information to the state's ACH operator. The effective date of these payments is the third working day after initial processing. Any agency entering transactions into AFRS may issue ACH payments by utilizing statewide vendors. Agencies are responsible for including correct, meaningful remittance information (in the invoice number, invoice date, account number, and vendor message fields) so vendors can post payments accurately.

- **OST ACH** payments are electronic fund transfers from treasury and treasury trust accounts that originate at OST. Agencies must inform OST and send an ACH JV **at least by 12:00 noon the day before** the effective date of the transfer. The effective date is the day funds will be transferred between bank accounts, and must be noted on the ACH JV. In cases where an agency prepares an ACH tape (or file) for OST, the tape (file) must be available to the treasurer **no later than two working days before** the effective date of the transfer. The ACH JV must be to OST the day before the effective date.

- **Inter-Agency Payments (IAP)** is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts.

- **Interfund Transfers (IFT)** is the preferred method in AFRS for transferring cash between treasury and/or treasury trust accounts within the same agency. IFT transactions are used during the fiscal year to allocate or transfer costs between accounts, within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25.

- **Journal Vouchers (JV payments)** are to be used to generate ACH payments through OST to accounts outside the State Treasury. JVs are also used to transfer funds between agencies and between treasury and/or treasury trust accounts. Refer to Section 85.90 Interfund/ Interagency Activities.

- **State Charge Card System** is negotiated by the Department of General Administration (GA) under a single vendor contract. It includes the Central Travel Account, the Charge Card (purchase card), the One Card (combination purchase and travel card), and the Motor Vehicle Rental Card. Agencies must comply with the Charge Card Services contract.

For further information about the state charge card system or to view specific contract requirements, contact GA's Office of State Procurement (OSP) or go to: www.ga.wa.gov/pca/visaprogram.htm.

Accounting Procedures

Except as provided in Subsection 45.10.40, charge cards (e.g. purchase cards) may **not** be used for purchases between state agencies.

Subsection 10.10.45 describes the use of charge cards for travel related expenses. Minimum requirements for agency purchase card programs are covered in Chapter 45. Agencies with central travel accounts and/or One Card programs should establish appropriate policies and controls.

- **Universal Fuel Credit Card** is also administered by GA. For further information about the fuel credit card or to view specific contract requirements, contact GA's Office of State Procurement or go to: www.ga.wa.gov/pca/fuelcardprogram.htm.

Refer to RCW 43.19.185 and WAC 236-48-250 to 253. Also, for these cards or Department of Transportation Fuel Cards when used for GA Motor Pool vehicles, go to: <http://www.ga.wa.gov/mp/Services.htm#Maintenance>.

- **Stored Value Cards** are cards for which the prefunded value is associated with a bank account, which must be accessed for payment authorization. These cards can be reloadable or disposable. OFM approval is required prior to disbursing funds via this method. Refer to Subsection 40.30.30.
- **Electronic Benefit Transfer (EBT)** payments are an alternative method for making disbursements to benefit recipients. EBT is similar in nature to a debit card. The recipient's benefits are encoded on a magnetic stripe card. OFM approval is required prior to disbursing funds via this method. Refer to Subsection 40.30.30.

85.36.30 Treasury account requirements

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- 85.36.30.a For the purpose of this section, the term Treasury Account refers to both Treasury and Treasury Trust Accounts. The information that is required to be maintained by agencies may be retained in paper or electronic form.
- 85.36.30.b The following documents are generated when processing Treasury Account disbursements:
- **Warrant** - A payment instrument for each invoice voucher or other evidence of indebtedness validated and released by the Office of the State Treasurer (OST) for payment.
 - **Agency Payment Register** - The document requested through Enterprise Reporting and used to record disbursements and account classifications of each transaction in detail. It also provides details on the payments issued including the vendor name, detailed expenditure/expense coding, type of payment (ACH, IAP, regular warrant, inserted warrant), ACH deposit date, and amount.
 - **Vendor's Remittance Advice** - A document used to accompany each payment (ACH, IAP or warrant) to notify the payee of what is being paid. The Vendor's Remittance Advice is to reference the payment number, the invoice number, and other vendor information, as appropriate. The Vendor's Remittance Advice for ACH payments is emailed or mailed to vendors by Consolidated Mail Services. Agencies receiving IAPs receive an email notification.
 - **Outstanding Warrant Record** - The document used to record warrants issued by the agency which are not yet redeemed by OST, canceled by the agency, or canceled by statute of limitation.
- 85.36.30.c The validated warrants are returned to the agency by OST or, if authorized by OST, by the Department of Information Services (DIS). Agency Payment Register Summary and Agency Payment Register detail reports are available in Enterprise Reporting. Inserted warrants and their remittance advices are forwarded to Consolidated Mail Services for direct mailing to vendors.
- 85.36.30.d Upon receipt of the warrants, agencies are responsible for promptly forwarding warrants to the vendor or authorized payee.

Accounting Procedures

- 85.36.30.e The validated warrant and vendor copy of the Vendor's Remittance Advice are to be released only to the vendor or other authorized payee.
- 85.36.30.f The agency is to maintain the Agency Payment Register Summary, Official Agency Payment Register and a copy of the Vendor's Remittance Advice along with the detail source documents in accordance with record retention policies.
- 85.36.30.g A payment file by vendor (payee) is to be maintained. Agencies should have procedures in place to detect and avoid duplicate payments to vendors.

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Local account requirements

- 85.36.40.a The documents listed below are generated when processing Local Account disbursements. The information that is required to be maintained by agencies may be retained in paper or electronic form.
- **Check** - The payment instrument used for each invoice voucher or other evidence of indebtedness.
 - **Vendor's Remittance Advice** - The document used to notify the payee of what is being paid. The Vendor's Remittance Advice is to reference the check number and the invoice number as appropriate.
- 85.36.40.b Agencies are to maintain a file containing copies of Vendor's Remittance Advices for each check.
- 85.36.40.c A payment file by vendor (payee) is also to be maintained. Agencies should have procedures in place to detect and avoid duplicate payments to vendors.
- 85.36.40.d The signed check and vendor copy of the Vendor's Remittance Advice are to be released only to the vendor or other authorized payee.

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Recording

85.36.50.a

The Official Agency Payment Register or local account Check Register constitutes the basis for recording expenditures/expenses.

Expenditure/expense transactions are to be recorded in the General Ledger and the Subsidiary Allotment and Expenditure/Expense Ledgers. Refer to Subsection 85.42.30 for an illustrative entry to record expenditure/expense disbursements.

85.36.50.b

The following information, at a minimum, is to be recorded in the Subsidiary Allotment and Expenditure/Expense ledgers:

- Payment and/or check register date,
- Payment and/or check register number reference,
- Voucher number reference,
- Appropriate expenditure coding, and
- Amount of disbursement.