



## 85.90 Interfund/Interagency Activities

### 85.90.10

July 1, 2008

#### Interfund/interagency activities

There are two major categories of interfund/interagency activities: reciprocal and nonreciprocal.

**Reciprocal** interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions. It includes interfund loans (refer to Subsection 85.90.20), and interfund services provided and used (refer to Subsection 85.90.30).

**Nonreciprocal** interfund/interagency activity is nonexchange in nature. It includes interfund transfers (refer to Subsection 85.90.50), and reimbursements (refer to Subsection 85.90.60).

For information on paying interfund/interagency billings, refer to Subsection 85.36.20.

### 85.90.20

July 1, 2001

#### Interfund loans

Interfund loans are reciprocal in nature. They are amounts provided with a requirement for repayment within a reasonable time. Interfund loans are reported as interfund receivables (“due from”) in lending funds and interfund payables (“due to”) in borrowing funds. Loans due within one year should be classified as short-term and loans due beyond a year should be classified as long-term. Refer to Subsection 85.54.30.

### 85.90.30

January 1, 2012

#### Interfund/interagency services provided and used

Interfund/interagency services provided and used are also reciprocal in nature. They were previously termed “quasi-external transactions.” Interfund/interagency services provided and used are transactions within the state that are similar to and reported as though they had occurred with organizations external to the state. Interfund/interagency services provided and used are to be accounted for consistently by the accounts involved.

At the end of each fiscal period, any unpaid or unsettled amounts are reported as either interagency or interfund receivables and payables. Refer to Subsection 85.95.40 for illustrative entries.

To record interfund/interagency services provided and used, the paying agency records an expenditure/expense using an appropriate object of expenditure. The receiving agency records revenue using either Revenue Source Code 0420 "Charges for Services," 0450 "Sales of Goods and Supplies - Proprietary Funds," or another appropriate revenue source code. Interfund/interagency services provided and used are budgeted and accounted for in this manner.

The following are examples of interfund/interagency services provided and used:

- Internal service fund billings for goods or services, such as mail services from the Department of Enterprise Services and legal services provided by the Office of the Attorney General. Refer to Subsection 85.90.40.
- Routine employer contributions from operating accounts to a pension trust fund.
- Routine service charges for inspection, engineering, utilities, or similar services provided by one account/agency to another.

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**85.90.40**

October 1, 2011

**Payment procedures for selected central services agency charges**

85.90.40.a

The following are selected central services agencies which require the use of unique object codes by the paying agency. A listing of services provided is as follows:

- **Office of the Secretary of State** - Archives, records storage, and microfilm services.
- **Office of the State Auditor** - Auditing services.
- **Office of the Attorney General** - Legal services.

## Accounting Procedures

- **Department of Enterprise Services** - Statewide financial and payroll systems, office space, janitorial services, utilities, buildings and grounds maintenance, campus delivery and mail service, parking, motor pool, procurement, mainframe print services, web services, secure file services, risk management, printing, small agency budgeting/accounting/human resources/payroll services, and personnel services for general government classified employees.
- **Office of Administrative Hearings** - Administrative hearings examiner services.
- **Office of Financial Management** - Personnel services for higher education classified employees.
- **Office of Minority and Women's Business Enterprises (OMWBE)** - Certification of minority business enterprises, socially and economically disadvantaged business enterprises, and women's business enterprises statewide.
- **Consolidated Technology Services** - Computer and telecommunication services.

85.90.40.b

The following object codes and payment schedules are to be used by the paying agency for transactions with selected central services agencies:

CENTRAL SERVICE AGENCY			PAYING AGENCY		
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule	
<b>(085) Office of the Secretary of State</b>	Archives and Records Management	006	0420	EW	July, October, January, and April (Quarterly in advance)
	Microfilm Services	006	0428	EW	Monthly actuals billed after month end.
<b>(095) Office of the State Auditor</b>	483	0420	ET	Monthly actual time and expenses billed after month end for accountability and whistleblower audits. CAFR and statewide single audits billed quarterly for actual time and expense.	
<b>(100) Office of the Attorney General</b>	405	0420	EM	Monthly actuals for billable staff time and direct litigation cost are billed by the end of the following month.	

CENTRAL SERVICE AGENCY			PAYING AGENCY	
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule
<b>(105) Office of Financial Management -</b> <i>formerly provided by Agency 111</i>				
Personnel Services - Higher Education	455	0420	EN	July, October, January and April (Quarterly billings in advance)
<b>(110) Office of Administrative Hearings</b>	484	0420	EV	Some agencies are billed July, October, January, and April. (Quarterly estimates billed in advance, adjusted to actual the following quarter.) Other agencies are billed monthly.
<b>(147) OMWBE</b>	453	0420	EX	Annual basis, September
<b>(163) Consolidated Technology Services -</b> <i>formerly provided by Agency 155</i>				
Computer Services	419	0420	EL	Monthly actuals billed after month end.
Telecommunications Services	419	0420	EB	Monthly actuals billed after month end.
<b>(179) Dept. of Enterprise Services -</b> <i>formally provided by Agency 105</i>				
Statewide Financial Systems	419	0420	EL	Billed quarterly in advance.
Small Agency Client Services	001	Expense Reimbursed	EL	Enterprise system fee billed monthly; other actual charges billed after month end.
Risk Management Administration	546	0420	EP	Annual invoice at beginning of fiscal year.
Self Insurance Liability Premiums	547	0496	EP	Annual invoice at beginning of fiscal year
<b>179) Dept. of Enterprise Services -</b> <i>formerly provided by Agency 111</i>				
Personnel Services - State agencies other than higher education -	415	0420	EN	Annual basis, second quarter of each fiscal year. Adjusted to actuals in the following year's billing.
HRMS	419	0420	EL	Monthly actuals billed after month end

## Accounting Procedures

CENTRAL SERVICE AGENCY			PAYING AGENCY	
Agency No. and Name	Account	Revenue Source Code	Object Code	Billing/Payment Schedule
<b>179) Dept. of Enterprise Services - formerly provided by Agency 130</b>				
Printing Services	420	0450	EF	Billed following services performed.
<b>179) Dept. of Enterprise Services - formerly provided by Agency 150</b>				
Motor Pool	422	0420	GN	Monthly actual billed after month end.
Consolidated Mail Services	422	0420	EK	Outgoing mail monthly actual billed after month end; Incoming/Campus mail billed according to agencies' agreements.
Parking Services	045	0402	EK	Prepaid, and billed monthly, quarterly and annually.
Property Management	422	0402	ED	Rent billed monthly at month end.
Facilities & Services (Seat of Government)	422	0420	EK	Quarterly billings in advance.
Capital Facilities (Maintenance) and Property Development	422	0420	EK	Billed monthly following services performed.
Office of State Procurement (Purchasing administration fee - PAF)	422	0420	EK	Varies by agency.
Engineering and Architectural Services	057	N/A	JK	Varies by agency.
Facilities Engineering Services	422	0420	EK	Invoiced upon completion of service.
Federal and State Surplus	422	0420	JA/JC	Invoiced upon purchase.
<b>(179) Dept. of Enterprise Services - formerly provided by Agency 155</b>				
Mainframe Print Services	419	0420	EL	Monthly actual billed after month end.
Web Services	419	0420	EB	Monthly actual billed after month end.
Secure File Services	419	0420	EL	Monthly actual billed after month end.

- 85.90.40.c Unless otherwise provided above, central service agencies are to present invoices for payment to receiving agencies within 15 calendar days after the end of each billing period. However, at fiscal year-end, all bills (actual and estimates) are to be invoiced per the current fiscal year closing calendar in Subsection 90.20.05.
- 85.90.40.d When problems arise with the collection of interagency receivables, the following steps are to be taken:
1. The interagency receivables/payables personnel are to contact each other to resolve the problems.
  2. If (1) fails, the accounting chiefs are to contact each other to find a resolution.
  3. If (2) fails, the agencies are to contact their assigned OFM Accounting Consultants.

**85.90.50**

July 1, 2008

**Transfers**

85.90.50.a Transfers are nonreciprocal in nature. Transfers of equity, formerly known as residual equity transfers, are non-recurring, non-routine transfers of equity between accounts. Two examples of equity transfers are contributions to or return of contributions from proprietary fund type accounts and transfer of residual equity balances from discontinued accounts.

Transfers of equity are generally infrequent. The key to identifying equity transfers is their non-recurring or non-routine nature. If transactions are recurring or routine, particularly if they involve a subsidy relationship, they are reported as operating transfers. Refer to Subsection 85.90.50.b.

Equity transfers are recorded in governmental fund type accounts using Revenue Source Codes 0678 "Equity Transfers In" or 0679 "Equity Transfers Out." Equity transfers in proprietary fund type accounts are recorded to Revenue Source Code 0820 "Capital Contributions." Refer to Subsection 85.95.20 for illustrative entries.

All equity transfers are to be in balance at the agency level, except for the following:

- Transfers to/from subsidiary accounts, and
- Transfers between state agencies.

85.90.50.b

Operating transfers include the following:

- Transfers from accounts required by statute to collect resources to accounts legally authorized to expend them,
- Transfers of resources designated for debt service from the accounts collecting the receipts to the debt service accounts that will make the debt service payments,
- Transfers of unrestricted revenues collected in the General Fund to finance various programs accounted for in other accounts in accordance with budgetary authorization,
- Operating and equity transfers as required by law, and
- Transfers of profits from certain enterprise activities (Liquor and Lottery) to other accounts as required by law.

Operating transfers are recorded as expenditures using Object M or as revenues using the 06XX revenue source codes. Refer to Section 75.80 for a listing and description of all transfer revenue source codes. Refer to Subsection 85.95.30 for illustrative entries.

Operating transfers net to zero at the agency level.

85.90.50.c

Special budgeted allocations generally give agencies additional spending authority, but no additional cash is provided for federal, private/local or dedicated operating accounts. Two examples of these budgeted, noncash allocations are the Salary and Insurance Contribution Increase Allocation and the Special Retirement Contribution Increase Allocation. An expenditure transfer is required for the General Fund – State account allocation. Two transfer transactions – one for the expenditure transfer and one for the revenue transfer – out of the operating account and into the allocation account are required for the federal, private/local and dedicated operating account allocations. Refer to Subsection 85.95.35 for an illustrative entry.

85.90.50.d

In governmental fund type accounts, transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported in a separate section below nonoperating revenues and expenses.

In instances where transfers are appropriated as expenditures, GAAP and budgetary accounting treatments will differ. For budgetary reporting, appropriated operating transfers are considered "expenditures," while for GAAP reporting purposes, as noted above, they are considered other financing uses.

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**85.90.60**

July 1, 2009

**Reimbursements (Objects S & T)**

Reimbursements are recorded when one agency and/or account initially charges an expenditure/expense that is subsequently charged to another. Generally, the reimbursement is recorded as an expenditure/expense in the reimbursing account and as a reduction of a corresponding expenditure/expense in the reimbursed account. Accounting for reimbursements in this manner results in the expenditure/expense being reported only once and in the proper account. Reimbursements are to be appropriately documented and approved.

Reimbursement reporting is to be used only in circumstances as described above. It is not to be used for interfund loans, interfund transfers, or other interfund activities. Additionally, payments received by proprietary funds for goods and services are normally recorded as revenue with appropriate revenue source codes rather than as reimbursements.

As described below, reimbursements are coded with Object S or Object T. The subobject coding should reflect the object of expenditure being offset with the reimbursement, except Subobject JA "Noncapitalized Assets" and Subobject JB "Noncapitalized Software" which are coded to Subobjects SE and TE. Although Subobjects SZ and TZ "Unidentified" are available for use, it is preferable that an agency allocates charges to the appropriate subobject of expenditure within Objects S and T on a monthly basis.

Reimbursements are classified into two types:

## 85.90.60.a

**Intra-agency reimbursements (Object T)** - Intra-agency reimbursements are used to charge for services or supplies provided by one account to another and to distribute administrative overhead charges. In accounting for intra-agency reimbursement transactions, the reimbursed account other than a non-budgeted proprietary type account is to credit expenditures using Object T. The reimbursing account is to account for intra-agency materials supplied or services rendered as Object T and the appropriate subobject.



## Accounting Procedures

Intra-agency reimbursements are to be used to record special budgeted allocations involving Accounts 239 “Tort Defense Service Revolving Account,” 406 “Salary and Insurance Increase Revolving Account,” 426 “Digital Government Revolving Account,” and 427 “Special Account Retirement Contribution Increase Revolving Account.” Refer to Subsection 85.90.50.c.

Agencies may request a waiver from complying with specific requirements of this section. The request is to be in writing and be approved in writing by OFM before the waiver takes effect. Waivers automatically expire at the end of the fiscal biennium for which they were granted and are to be re-approved in writing to remain in force.

85.90.60.a.(1)

### **Accounts other than non-budgeted proprietary fund type accounts**

All accounts other than non-budgeted proprietary fund type accounts are to use Object T transfers to record intra-agency transfers between said accounts. Reimbursements to accounts for expenditures/expenses initially made from it which are properly applicable to another account are to be recorded as a credit to expenditures/expenses using Object T. The reimbursing account other than a non-budgeted proprietary fund type account is to debit expenditures/expenses using Object T.

When transfers of salaries are made with Subobject TA, the FTEs are to remain with the original Object A expenditure.

The total for Object T transfers at the subobject level is to equal zero for all accounts within a fiscal year except as noted below for GL Code 6525 transfers and for non-budgeted proprietary fund type accounts. Refer to Subsection 85.95.50.a and b for illustrative entries.

Intra-agency reimbursements received by **budgeted** proprietary fund type accounts are recorded as credits to expense using Object T. Therefore, an additional entry is necessary to adjust to proper GAAP accounting. The GAAP adjustment debits GL Code 6525 “Expense Adjustments/Eliminations (GAAP),” using Object T with the appropriate subobject, and credits GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with the appropriate revenue source code. Only in the case of GL Code 6525 transfers is there no corresponding Object T offset. Refer to Subsection 85.95.50.c for an illustrative entry.

85.90.60.a.(2) **Non-budgeted proprietary fund type accounts**

For non-budgeted proprietary fund type accounts (excluding Accounts 443 and 505 which are subject to (1) above), reimbursements are not coded as credits to expenses using Object T. They are coded directly to revenue with appropriate revenue source codes. Refer to Subsection 85.95.50.d for an illustrative entry.

85.90.60.b **Interagency reimbursements (Object S)** - All transactions between state agencies are to be properly accounted for as prescribed in Chapter 39.34 RCW.

The following procedures are to be followed in those instances where a **budgeted account** or **certain account used by higher education agencies** – Accounts 143, 145, 147, 148, 149, 443, and 505 which are included with budgeted accounts for purposes of this section – provides goods or services to another agency:

## 85.90.60.b.(1) In accounting for interagency reimbursement transactions, the reimbursed agency is to credit expenditures/expenses using Object S – Interagency Reimbursements. The reimbursing agency is to account for expenditures for interagency materials supplied or services rendered as though they were purchased from an outside vendor. Refer to Subsection 85.95.60.a and b of this manual for illustrative entries.

**Note:** In **budgeted** accounts, interagency reimbursements are **not** to be recorded as revenue or as recovery of current appropriation expenditures using Revenue Source Code 0902 “Recoveries of Current Expenditure Authority Expenditures.” Refer to Subsection 85.95.60.a and b for illustrative entries.

## 85.90.60.b.(2) The amounts billed to other agencies and uncollected at the end of the month and work in process costs not billed at the end of the month are to be recorded as a credit to the appropriate GL Code Series 65XX “Expenditures/Expenses” with Object S and a debit to GL Code 1354 “Due from Other Agencies.”

85.90.60.b.(3) For GAAP reporting purposes, payments to **budgeted** proprietary fund type accounts should be recorded as revenues with appropriate revenue source codes. However, as discussed above, interagency reimbursements to budgeted proprietary fund type accounts are recorded as credits to expense (Object S). Therefore, an additional entry is necessary to adjust to proper GAAP accounting.

## Accounting Procedures

The GAAP adjustment debits GL Code 6525 “Expense Adjustments/ Eliminations (GAAP),” using Object S with the appropriate subobject and credits GL Code 3225 “Revenue Adjustments/Eliminations (GAAP)” with the appropriate revenue source code. Refer to Subsection 85.95.60.c for an illustrative entry.

For **non-budgeted** proprietary fund type accounts (excluding Accounts 443 and 505 which are subject to (1) above), interagency reimbursements are not coded as credits to expenses (Object S). They are coded directly to revenue with appropriate revenue source codes. Refer to Subsection 85.95.60.d for an illustrative entry.

85.90.60.c

Agencies are to establish procedures to ensure timely, accurate, and cost effective payment of obligations to agencies. Refer to Subsection 85.36 for information on payment methods.

Special attention by all agencies is to be given to the following:

**Due Dates** - Dates for payments are established by the terms of contracts between the state agencies. If the contract is silent concerning terms or there is no written contract, the terms are net 30 days. The 30 days, or other terms, begin upon receipt of the goods or services or a properly completed invoice, **whichever is later**. Agency payments are to be made by the due date.

**Combined Payments** - The number of payments to an agency are to be kept to a minimum by processing the maximum number of invoices with a single payment.

**Partial Payments** - When agencies accept partial delivery of goods or services without reservation, prompt payment is to be made for the goods or services received upon receipt from the agency of a properly completed invoice or in accordance with contract terms covering the partial delivery.

**Disputes** - Prompt and proper notification to an agency of receipt of unsatisfactory goods or services or an incorrect invoice defers the due date. The due date is recalculated from the date the problem is corrected. Proper authorization is required when material changes are made.

**Records** - Billings are to reflect the cost of labor, material, and overhead. Records are to be maintained by the vendor agency that provides complete cost billing information and also an audit trail for post auditing. Source documentation should be made available, upon request, for review by the billed agency.

When problems arise with the collection of interagency receivables, agencies are to follow the steps in Subsection 85.90.40.d.

Vendor agencies are not to request or require advances from receiving agencies unless the advance was approved in writing by the OFM Director or authorized designee (RCW 39.34.150).

Refer to Section 90.20 for additional requirements applicable to fiscal year end cutoff.

Refer to Subsection 85.90.30 for discussion of interfund services provided and used and Subsection 85.90.50 for transfers.

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### 85.90.70

July 1, 2001

### Agency vendor payment revolving account charges

- 85.90.70.a Account 720 "Agency Vendor Payment Revolving Account" may be used by agencies (RCW 42.26), with the approval of OFM, for the payment of goods or services which are payable from monies other than those maintained in the Office of the State Treasurer.
- 85.90.70.b Use of Account 720 by agencies is to be authorized in writing by the Director of OFM or authorized designee.
- 85.90.70.c Amounts disbursed from Account 720 must be from amounts previously deposited by the agency using the account. These deposits must be from **local accounts** which are properly chargeable with the disbursement. **Amounts to cover disbursements must be deposited prior to actual disbursement.** Refer to Subsection 85.95.70 for illustrative entries.
- 85.90.70.d All amounts accruing to Account 720 as a result of the cancellation of warrants are to be re-deposited in the agency's appropriate local account.
- 85.90.70.e Only the following accounts are to be maintained in the general ledger of Account 720: GL Codes 4310 "Current Treasury Cash Activity (OST Only)," 4325 "Beginning Treasury Cash Balance - Agency Funds," 5199 "Other Liabilities," and the 71XX "In-Process" Series. Subsidiary ledgers are not required. Refer to Subsection 85.95.70 for illustrative entries.