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**To:** Finance Directors (All live SCEIS agencies)

**CC:** SCEIS Finance Team, SCEIS EC&C Team, SCEIS Agency Advocates, SCEIS Service Desk, Cassandra Alston

**Subject:** SCEIS Changes Resulting from STO's Statewide Functionality

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Good Morning Finance Directors:

State Treasurer's Office Statewide Functionality

As the SCEIS Team prepares to bring the State Treasurer's Office onto the system for statewide functionality, we will be making some changes to the Finance module that will appear throughout the summer/early fall. Chief among these changes is a modification to existing processes to ensure that SCEIS is ready for the banking activity and all that goes along with that process.

**The initial round of changes will occur during the period of Sunday, June 26 through Friday, July 1, 2011, and will involve the following specific additions, which are explained in detail below:**

1. General Ledger Accounts to Record the Cash Impact of Outgoing Payments
2. General Ledger Account Security
3. Check Numbering

Please note that, in addition to the updates described in this message, there will be additional rounds of system changes later this summer: A second system update closer to the end of the summer will involve some additional changes to functionality. After a third round of changes that will coincide with the State Treasurer's Office go-live, SCEIS will begin to issue payments directly (rather than STARS processing the payments). The SCEIS Team will provide you with advanced notice of these changes before they are implemented.

**New General Ledger Accounts to Record the Cash Impact of Outgoing Payments**

Typically, the outgoing disbursements of cash (due to vendor payments processed), is recorded to the General Ledger (GL) account 1000040000. This account does not allow for the Office of the State Treasurer (STO) to control the actual activity by bank account involved or by the status of the payment (cleared or outstanding from a banking perspective). Therefore, the SCEIS Team will implement the banking configuration for bank accounts the STO uses for Accounts Payable (A/P) vendor payments. The outgoing A/P payments (checks, ACH, etc.) will now be recorded in a new series of GL Accounts. They are as follows:

<b>A/P Vendor Payment General ledger Accounts</b>		
<b>G/L Account</b>	<b>Short title</b>	<b>Long title</b>
1011300000	WACH_E16_CT_CASH	WACH_E16_STO_Contingent Acct_CASH
1011300001	WACH_E16_CT_CHK	WACH_E16_STO_Contingent_CLRG_CKS OUT
1011300002	WACH_E16_CT_ACH	WACH_E16_STO_Contingent_CLRG_ACH OUT
1011300003	WACH_E16_CT_WIRE OT	WACH_E16_STO_Contingent_CLRG_WIRES OUT
1011300004	WACH_E16_CT_CC	WACH_E16_STO_Contingent_CLRG_PAYCARD
1011300005	WACH_E16_CT MiscXsferOT	WACH_E16_STO_Contingent Misc. Transfers OUT
1011300006	WACH_E16_CT ZBAXsferOUT	WACH_E16_STO_Contingent ZBA Transfers OUT

These accounts are restricted from direct posting by any SCEIS user except for members of the STO Accounting Team and the SCEIS Implementation team (in coordination with the STO Accounting team). The payment runs, etc. will be made using these accounts (instead of 1000040000). The cash balances currently recorded in 1000040000 will eventually be moved to the proper GL account listed above. This transfer will occur toward the end of the summer or early in the fall. Additional information regarding the transfer will be forwarded to all agencies as we get closer to that time.

In the meantime, as we begin using the new GL accounts, the cash balance reports (by agency and fund) will be modified to include these new GL accounts so the agency will have an accurate picture of the cash balance available for their usage.

## **General Ledger Account Security**

Due to the sensitive nature of the new banking GL accounts, additional security is being added for these GL accounts. While the SCEIS Team has always discouraged direct postings to cash accounts, there was no direct security to prevent it from occurring. The new banking GL accounts will have direct security (via the Authorization Group methodology), which will prevent unauthorized direct postings to the accounts. The payment runs and other system-developed postings will be able to continue posting to the appropriate cash accounts. This will prevent any mistakes (data-entry or other types) from occurring and causing bank activity/reconciliation issues. This security will be extended to agency-specific Undeposited cash accounts. The Auth Group fields on those accounts will be activated and populated to ensure that only the agency assigned to those accounts will be able to utilize them for direct postings. For any agency that needs to complete a cash transfer (permanent or temporary loan), the posting will be required to use the appropriate GL account such as:

<b>GL Account</b>	<b>Short title</b>	<b>Long title</b>	<b>Purpose</b>
6100010000	OPERATING TRANSFER FROM	OPERATING TRANSFER FROM	Records DR side of a permanent cash transfer
6200010000	OPERATING TRANSFER TO	OPERATING TRANSFER TO	Records the CR side of a permanent cash

			transfer
1310000000	LOAN NOTE REC – CURR	LOANS AND NOTES RECEIVABLE - CURRENT	Records the Receivable for an temporary cash loan (DR when making the loan; CR when repaying the loan)
2300100000	LOANS NOTE PAY- CUR	LOANS AND NOTES PAYABLE - CURRENT	Records the Payable for a temporary cash loan (CR when making the loan; DR when repaying the loan)

For each of the transactions using the above GL accounts, the 1000000000 Due To/Due From GL account will be the offsetting account (the cash side). Since all SCEIS transactions are required to be balanced by Business Area, Fund, Grant, Funded Program and Cost Center, the system will “balance” the line using the Due To/Due From account. **(This balancing process has not changed based on the GL Account Security enhancement, nor will it be changed.)**

## Check Numbering




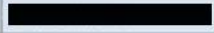

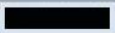
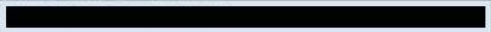
Because the STO will be using the new GL accounts (and the SAP functionality) for Electronic Bank statement (EBS) processing / reconciliation, the check number process for SCEIS will also be affected by this Treasury change. Currently, the check numbers used by the STO are nine digits. The interface which brings the STARS check number back to SCEIS adds the calendar year to the front of the check number, forcing it to become a 13-digit number.

Effective with the initial phase of the Treasury implementation, checks will no longer have the calendar year added to the front of the check number. Your SCEIS Treasury / STO team will be working to update other check numbers (previously posted) to remove the calendar year from the check number, especially for those checks that are considered outstanding. Without this update, the EBS reconciliation would not be able to clear the checks as they clear the bank.

One of the major benefits of this new process for the agency user is the ability to recognize when a check has cleared the bank when dealing directly with vendor questions. As the posting in SCEIS clears the check, the field “Encashment Date” will be populated with the date the check has cleared the banking system. This should allow you to be more responsive to your vendors (without having to contact the STO for verification).

## Glossary:

## Display Check Information

 Check recipient		 Check issuer...	
Paying company code		SC01 	Payment document no.
			6700003114
<b>Bank details</b>			
House Bank	13003	Bank Key	
Account ID	12481	Bank Account	
Bank name	BANK OF AMERICA, N.A.		
City	HENRICO		
<b>Check information</b>			
Check number	540073608	Currency	USD
Payment date	04/19/2011	Amount paid	223.53
Check encashment	04/26/2011	Cash discount amount	0.00
Extract creation	05/19/2011	18:45:06	
<b>Check recipient</b>			
Personnel Number			
Name			
City	CLINTON		
Payee's country	US		
Regional code	SC		

1. **Encashment Date** – Date the payment medium has cleared the Federal Reserve System (check has been cashed by the vendor and the check has cleared the bank). The encashment date can be found by running the ZFCH1 transaction for a specific check.
2. **Payment** – The vendor payable has been processed by the Payment Run and a ZP document (34 document) has been created/posted causing a payment to have been sent to the Vendor (check or ACH).
3. **Check Number** – Nine-digit check number issued by the Office of the State Treasurer (calendar year will be removed when brought into SCEIS). This nine-digit number will be returned to the Agency via the A/P Outbound Interface.