LESSON 8: MANAGING CASH STATUS

Lesson 8 Learning Objectives

● Upon completion of this lesson, you should be able to:

– Understand SCEIS cash accounts.

– Understand how to review cash balances.

– Understand what affects cash balances.

– Understand how to manage your cash balances.

– Understand the differences in budget status and cash status.

Key Transactions

- FAGLB03 – General Ledger Balance Report

- FAGLL03 – General Ledger Line Item Report

- ZGLA – GL Fund Account Analysis

SCEIS Cash Accounts & Purposes

There are several "cash" accounts in SCEIS

- 1000000000 Cash Due To/From
- **1000010000 Undeposited Cash**
- **1000020000 IDT Cash Clearing**
- 1000030000 Cash on Deposit – STO
- 1000040000 Cash Disbursements – STO
- 1000050000 Petty Cash

The Undeposited Cash and IDT Cash Clearing accounts must be zero at year-end.

SCEIS Cash Balance

=

1000000000

1000010000

1000020000

1000030000

1000040000

SCEIS Cash Balance, cont.

- To determine the cash balance for a particular fund, **all** cash accounts must be totaled.

- If your agency has specific cash accounts set up in SCEIS, these accounts must also be included to obtain the true cash balance.

- Note, however, that you cannot expend the cash in 1000010000 until the cash has been moved to 1000030000.

- The cash edit check does not include cash in 1000050000.

SCEIS Cash Balance cont.

How does cash move from 1000010000 to 1000030000?

- When you scan a validated deposit slip, it produces an F-04 transaction where you reference the STO bank account and check "Transfer Posting with Clearing."

- This triggers the cash transfer from 1000010000 to 1000030000 which then workflows to the STO for approval.

SCEIS Cash Balance cont.

- 1000020000 is used as a cash clearing account for billings <u>from a "live" agency</u> to a "live" or "non-live" agency.

- The AR and Revenue are recorded at the time of billing at the billing agency and the Expenditure and AP are recorded at the time of payment at the paying agency.

- When the Expenditure is presented for payment, the system uses the AR reference number to match the Expenditure with the AR.

SCEIS Cash Balance cont.

- The system clears the AR and the AP to the 1000020000 account at time of payment; then clears this account to the 1000000000 cash account for both agencies verifying the completion of the IDT transaction.

- 1000020000 should be zero (-0-) at year-end.

- Review this account to ensure items are clearing properly within a day or so.

- Contact SCEIS if it appears balances in this account will not zero or are outstanding, but already paid.

SCEIS Cash Balance cont.

- Petty cash 1000050000 may be excluded; since it is actual cash on hand and not in the bank. However, petty cash is a cash balance for the agency.

- If your agency has petty cash that has not yet been loaded into SCEIS, please do so before year-end.

  Entry : Debit   1000050000 *(Petty Cash)*

  Credit 7000002000 *(Financial Reporting Conversion)*

SCEIS Cash Balance cont.

- When you process a vendor payment, expenditures and accounts payable (not cash) are recognized.

- Cash balances do not reflect vendor payments that have been processed in SCEIS by your agency, but not paid by the STO, until they are paid by the STO.

- Cash is not decreased until the check is processed by the STO.

- There may be a lag of several days from the time the invoice is processed until the check is processed by the STO for payment.

Payment Process

PR/PO approved	Goods & Invoice Received and Payment Processed By Agency & CGO	Payment Processed by STO

Budget/funds encumbered, set aside, as a result of the PR/PO, but cash not paid out and expenditures not recognized.	Dr **Expenditures**
	    Cr Accounts Payable
	
	Expenditure recognized, but cash not yet paid out.
		Dr Accounts Payable
		    Cr **Cash**
		Cash decreased as a result of the CGO approval for check to be cut by the STO.

Managing Your Cash Balance

Three important things in managing cash:

1. You must include **all cash accounts** in determining balances.

2. You must take into account **accounts payable** (expenditures processed, but not yet paid).

3. Best report to use for obtaining cash balance is **ZGLA** or the **FAGLB03.** The FAGLB03 is better than the FAGLL03 because it includes cash carryforward amounts – FAGLL03 does not. (Note: ZGLA set SC_CASH does not included 1000010000 cash balances.)0

Determining Cash Status

Cash Status =

Cash Balance – Accounts Payable

Cash balance = 1000000000 – 100004000

A/P = 2000010000 – 2000050000

(for vendors, employees, IDTs and sales and use tax payables)

Let's look at the ZGLA and FAGLB03 Reports and determine cash status for fund 10010000 and an earmarked fund 3xxxxxxx

New Year and Old Year Balances

Cash is somewhat "pooled" for purposes of processing new year transactions.

- SAP <u>will look back to 2010</u> if there is not sufficient cash in the <u>new year</u> fund to process a payment.

- SAP <u>does not look forward</u> to 2011 if there is not sufficient cash in the <u>old year</u> fund to process a payment.

Cash Status vs. Budget

- Cash and Budget are not the same.

- Both balances need to be monitored regularly throughout the year and especially at year-end.

- Cash balances are based on actual cash receipts and disbursements.
  - Cash receipts do not post until verified by the STO.
  - Disbursements do not occur until checks have been paid by the STO.
  - Cash balances do not reflect accounts payable not yet paid by the STO. You must take these into account in looking at cash balances.

- Expenditure budget balances are based on authorized amounts, encumbrances and actual expended amounts.

- Revenue budget balances are based on estimated revenues and actual receipts.

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