



Official Process (effective June 2,2011): Budget Postings for Refunds of Expenditures

The process discussed below is pertinent when an agency has invoiced a customer (non-state/non-grant) for the refund of expenditures. **This process does not affect any Financial (FI) postings, only Funds Management (FM) postings.**

Please note, if you have received a refund of an expenditure **that was not invoiced** through the accounts receivable process, **the steps listed below do not apply.**

1. The current process for posting Accounts Receivable (AR) invoices for refunds of expenditures to non-state agency customers has the following effects:
 - FI – AR is debited and Expenditures are credited.
 - FM – The expenditure line item is not immediately reduced; the offset to the receivable is posted against the General Ledger (GL) account 7000010000 – Refund of Expenditure (accounts receivable billing). This is done because the funds are not available until time of receipt and to prevent the expenditure reductions in FM before the actual payment is receipted in FI.
2. The SCEIS Team will generate a bi-monthly report (except for year end, see item 3 below) to identify your agency's account receivable invoices for refunds of expenditures that have been paid during that two-week period. We will prepare a proposed Journal Entry (JE) to FM, to reclassify the posting (FM) from the commitment GL 7000010000 – Refund of Expenditures (AR billing) to the appropriate commitment account assignment(s) listed for each of the paid AR invoices for your review and approval. Once a written approval has been received via email by the SCEIS Team, we will then post a Journal Entry, forward the detailed spreadsheet that will contain the AR invoice, receipt and JE document numbers for your records.
3. **Year-end schedule:** For the month of June, the accounts receivable - refund of expenditure process, as detailed in Item 2 above, will occur on a weekly basis. For the month of July (old FY transactions only), the refund of expenditure process will occur every 3 days. The final spreadsheet in July will be sent the morning of the established cut-off date as stated in the annual Appropriations Act (ie: July 15 for FY11) and will include the postings of receipts of accounts receivable – refund of expenditure invoices as of close of business the prior day.

Notes:

- The method of recording refunds in FM was necessary so that expenditure budget line items were not decreased at the time of billing, but rather the time of receipt.
- This procedure does not affect any cash balances or postings in FI.