Public Works and Government Services Canada

Travaux publics et Services gouvernementaux Canada

Canada

Chapter 10

Accounting Entries

Last Update: 2004-06-22

Aussi disponible en français

**Receiver General Manual (RGM) Chapter 10 –
Version Tracking Summary Table**

Please note: Each time a chapter is revised, a new revision number is assigned and the significant changes and/or additions made in the latest revision are identified by vertical barring in the left-hand margin. Each revision to a chapter cancels and replaces the previous version.

Chapter Version	Version Date	Summary of Significant Chapter Changes
Revision No. 4	2004-06-22	Subsection 10.1.1, Government-Wide Classification and Coding of Transactions, has been removed since this information is now contained in Chapter 2 of the Chart of Accounts (available at the following URL: http://www.pwgsc.gc.ca/recgen/gw-coa/home-e.html). In addition, other changes have been made to clarify and improve the reader's understanding of various accounting entries.
Revision No. 3	2003-04-24	Revision No. 3 removes the references to FRA 49ddd. In addition, other changes have been made to some of the textual content.
Revision No. 2	2002-04-18	Revision No. 2 incorporates a new subsection 10.7.17, Accounting for the Effects of a Government Restructuring. In addition to this new section, a change was made to one of the accounting entries under "DFMS recording (Dept. 033)", reported under subsection 10.7.13, Transferring of External Revenue to the Correct Department, and to the references to Chapter 9 (now Chapter 12) of the RGM in Appendix B.
Revision No. 1	2001-05-14	This chapter has been slightly revised and is being re-issued as Revision No. 1 which replaces the initial version. The content changes have essentially been made to include the authority codes to the accounting entries. In addition, information is provided on the IS FIS Transition Cross Years Account.
Chapter 10 (initial version)	1999-04-27	First version posted.

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Appendix

10.1 INTRODUCTION

The purpose of Chapter 10 is to provide departments with general information and guidance on various accounting entries generated as a result of their interface with the Public Works and Government Services Canada (PWGSC) central treasury systems.

The accounting examples identify the appropriate government-wide Financial Reporting Accounts (FRAs), the authority codes and the appropriate I or E symbol. Information on the Government-Wide Classification and Coding structure is contained in Chapter 2 of the Chart of Accounts at the following URL: http://www.pwgsc.gc.ca/recgen/gw-coa/home-e.html.

The accounting entries provided are not absolute, given that variations of the government-wide FRAs and authority codes may be used for a particular transaction.

10.1.1 Canadian Currency used for Accounting

The *Currency Act* (URL: http://laws.justice.gc.ca/en/C-52/index.html) indicates that the currency of Canada is the dollar (denominations are dollars and cents) and in accordance with the *Financial Administration Act (*FAA), Section 63. (3) (URL: http://laws.justice.gc.ca/en/F-11/index.html), the transactions recorded in the accounts of Canada are to be in the currency of Canada. Accordingly, transactions denominated in a foreign currency will be converted into Canadian dollars using the rate of exchange in effect on the transaction date. Also, at the end of each fiscal year, financial assets and liabilities denominated in foreign currencies are revalued using the closing rate of exchange for March 31.

10.2 COMMON ACCRUAL ENTRIES

Certain expenses are not usually recorded until payment is required, unless the end of an accounting period (including the fiscal year-end) arrives before the required date of payment (e.g., salaries or interest charges). Also, certain revenues are not usually recorded until the related cash is received, unless the end of the accounting period (including the fiscal year-end) comes before the required date of receipt (e.g., interest on a loan). Accordingly, accrual entries are required at the end of an accounting period to record the expenses and revenues that were incurred or earned as at the end of the accounting period and particularly at the fiscal year-end.

For ease of reference, the examples of accrual entries are grouped as follows:

- expense or expenditure related entries, 10.2.1 to 10.2.8;
- revenue related entries, 10.2.9 to 10.2.11; and,
- reversal in the following accounting period, 10.2.12.

10.2.1 Operating Accrual (External)

An operating accrual is an unpaid expense (goods received or services rendered) that has not already been recorded in the accounts. Therefore, an adjusting entry must be made in the department's DFMS at the end of the accounting period to recognize an unpaid expense. Two examples are provided.

Month-end accrual (no invoice)

Financial Reporting Account	Authority Code	I/E	Amount
51XXX Program expenses	BXXX Non-statutory expenditures	E	DR xxx
21113 Accrued liabilities	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

Accounts payable (supplier invoice is received and is subject to Goods and Services Tax (GST) and Harmonized Sales Tax (HST))

Financial Reporting Account	Authority Code	I/E	Amount
51XXX Program expenses	BXXX Non-statutory expenditures	E	DR xxx
13392 GST/HST Refundable Advance accounts	G111 GST Refundable advance accounts	E	DR xxx
21111 Accounts payable ongoing	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.2.2 Operating Accrual – OGDs

An operating accrual is an unpaid expense and in this example the goods received or services rendered were provided by an OGD. Accordingly, an adjusting entry must be made to recognize an unpaid expense at the end of an accounting period.

Financial Reporting Account	Authority Code	I/E	Amount
51XXX Program expenses	BXXX Non-statutory expenditures	I	DR xxx
21132 Other payables to OGD	R300 Other assets/liabilites	I	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.2.3 Accrual of Salary, Wages, Overtime and other Pay related items

Departments are responsible for all accrual entries related to salary and wages required at the end of an accounting period and at the fiscal year end. These transactions are normally for accrual of salary and wages for departmental employees. Transactions related to employees transferred or loaned to OGDs are shown in 10.2.8.

Financial Reporting Account	Authority Code	I/E	Amount
51311 Salaries & wages	BXXX Non-statutory expenditures	E	DR xxx
21112 Accrued salaries & wages	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority code.

10.2.4 Accrual of a Tangible Capital Asset

Other accruals may be required at the end of the accounting period to reflect goods received or services rendered that are capitalized and not expensed. In this example the purchase is not from an OGD, the debit entry is to a capital asset FRA not an expense FRA and no invoice has been received. If the invoice has been received, the accounts payable FRA 21111 would be used.

Financial Reporting Account	Authority Code	I/E	Amount
1XXXX Assets	BXXX Non-statutory	E	DR xxx
21113 Accrued liabilities	R300 Other assets/liabilites	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.2.5 Amortization

When goods received or services rendered are recorded to a capital assets FRA, an entry is required to amortize the capital cost, based on the expected useful life of the assets. Accordingly, at the end of an accounting period an entry is required to amortize (i.e., the write-off to expense) the portion of the capital assets estimated to be attributable to the accounting period. The non-appropriated authorities are used for the entry since the capital vote or program vote authority was used on the acquisitions.

Financial Reporting Account	Authority Code	I/E	Amount
514XX Amortization expenses on capital assets	F111 Amortization expenses for capital assets	E	DR xxx
162XX Accumulated amortization on tangible capital assets	F311 Accumulated amortization of capital assets	E	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs.

10.2.6 Inventory Expense

When goods received are being recorded to an inventory FRA, an entry is required at the end of an accounting period to expense the inventory used through the use of the non-appropriated authorities.

Financial Reporting Account	Authority Code	I/E	Amount
51321 Operating expenses	F112 Inventory charged to program expenses	E	DR xxx
15110 Inventories held for consumption	F312 Reduction from inventory balances	E	CR xxx

10.2.7 Prepaid Expense Adjustment

Where a prepaid expense (supplies or services that are paid for in advance of them being consumed or used) is initially recorded to an asset FRA, an entry is required at the end of an accounting period, there is a need to expense the portion used during the period through the use of the non-appropriated authorities.

Financial Reporting Account	Authority Code	I/E	Amount
51321 Operating expenses	F119 Other amounts to be charged to program Expenses	E	DR xxx
14110 Prepaid expenses	F319 Reduction from balances of other assets	E	CR xxx

10.2.8 Payroll Transfers (i.e., Salaries and Wages for Employees transferred or loaned to OGDs)

Accruals are set up for salary expenses related to employees, transferred or loaned to an OGD. However, instead of recording the following accrual entries, it is recommended that the transfer out department (i.e., the creditor) initiate an Interdepartmental Settlement (IS) to SPS on a monthly basis.

If accrual entries are required, it is important that the transfer out department contact the other department involved in the transaction to ensure the amount of the receivable is offset by the OGD as a payable. NOTE: Both departments are required to code the accruals with an "**I**". On a government-wide consolidation, the accrual entries, where an "I" has been used, will be eliminated. However, if only one department was to record an accrual and it used an "E", this would either overstate or understate the salaries and wages on a government-wide basis.

Receivable (transfer out or lending department)

Financial Reporting Account	Authority Code	I/E	Amount
11242 Other receivables from OGD	R300 Other assets/liabilities	I	DR xxx
51311 Salaries & wages	BXXX Non-statutory expenditures	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes.

Payable (transfer in or receiving department)

Financial Reporting Account	Authority Code	I/E	Amount
51311 Salaries & wages	BXXX Non-statutory expenditures	I	DR xxx
21132 Other payables to OGD	R300 Other assets/liabilities	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes.

10.2.9 Accrual of Non-tax Revenue

Any revenue that has been earned but not recorded during the accounting period should be recognized and the following are examples of two entries. The entries reflect sales to a third party (i.e., non OGD). Re-spendable revenue **cannot** be recorded as the revenue netted against expenditures authority until the cash is received.

Month end accrual (no invoice has been issued)

Financial Reporting Account	Authority Code	I/E	Amount
11225 Accrued receivables	R300 Other assets/liabilities	E	DR xxx
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

Accounts receivable (invoice issued and the transaction is subject to tax)

Financial Reporting Account	Authority Code	I/E	Amount
11221 Accounts receivable non-tax revenue	R300 Other assets/liabilities	E	DR xxx
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	E	CR xxx
21134 GST (including HST) payable to CRA	R300 Other assets/liabilities	E	CR xxx
21151 Provincial sales tax (excluding HST)	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.2.10 Accrual of Non-tax Revenue OGD

Any revenue that has been earned but not recorded during the accounting period should be recognized by means of the following entry. Re-spendable revenue cannot be recorded as the revenue netted against expenditures authority until the cash is received. The other department involved in the transaction should be contacted to ensure the amount of this receivable is offset by the OGD as a payable.

Receivable

Financial Reporting Account	Authority Code	I/E	Amount
11242 Other receivables from OGD	R300 Other assets/liabilities	I	DR xxx
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	I	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

Payable

Financial Reporting Account	Authority Code	I/E	Amount
51321 Operating expenses	BXXX Non-statutory expenditures	I	DR xxx
21132 Other payables to OGD	R300 Other assets/liabilities	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes.

10.2.11 Adjustment for Deferred Revenue

Revenue is earned only when goods are provided or services are rendered. Thus, money received in advance should be recorded as a deferred revenue liability. Accordingly, at the end of an accounting period an adjustment may be required to recognize revenue earned.

Financial Reporting Account	Authority Code	I/E	Amount
21510 Deferred revenues	F450 Other non-appropriated amounts added or deducted from liabilities	E	DR xxx
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.2.12 Reversal of Accrued Liabilities or Receivables in the following Accounting Period

Accrued payables or receivables are usually recorded at the end of an accounting period or fiscal year, where goods or services have been received (but the invoice has not been received) from suppliers, or goods or services have been provided (but the invoice has not been issued) by a department. To simplify the recording of the accounts payable or accounts receivable on receipt of a supplier invoice or the issuing of a customer invoice, accrual entries should be reversed in the following accounting period. For example:

Entry for the reversal of an accrued expense (see 10.2.3 for accrual entry)

Financial Reporting Account	Authority Code	I/E	Amount
21112 Accrued salaries & wages	R300 Other assets/liabilities	E	DR xxx
51311 Salaries & wages	BXXX Non-statutory expenditures	E	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes.

Entry for the reversal of an accrued revenue (see 10.2.9 for a sample accrual entry)

Financial Reporting Account	Authority Code	I/E	Amount
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	E	DR xxx
11225 Accrued receivables	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.3 PAYMENTS

The SPS is used to issue payments out of the CRF on behalf of all departments and agencies.

Departments will only send payment data details to SPS. The detailed accounting data that remains in a department's DFMS is summarized (using the government-wide coding) in the department's monthly trial balance that is transmitted to the CFMRS.

10.3.1 Payment Requisitioning

The SPS issues payments in Canadian currency and has the capability to issue payments in foreign currencies. The examples for payments identify the payment control account 61ddd, which is essentially used for Canadian currency requisitions.

If departments are requisitioning foreign currency payments (in US dollars, British pounds or Euros), the control account identified in the examples should be replaced with the control account 66ddd for US dollar or 67ddd for the other identified foreign currencies and the Canadian dollar equivalent used in the "amount" field. For payments in foreign currencies (other than the US dollar, British pound or Euro), they can be made by way of bank drafts (cheques) or wires and the FRA 61ddd will be used.

Departments send authorized requests for payments to the SPS in accordance with the TBS policy entitled "Payment Requisitioning and Payment On Due Date", which is available at the TBS Publiservice Web site at the following URL:
http://publiservice.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/siglist_e.html.

The following examples indicate that the DFMS processes two sets of entries; one entry based on the payment request to SPS and one entry based on the RG-GL Control Data Report or the RG-GL Control Data file. A DFMS may prescribe a different set of accounting entries; however, the control accounts submitted by departments in their monthly CFMRS trial balances must agree with the control accounts as provided by the monthly CFMRS trial balances submitted by the RG-GL (Dept. 097) and the PS-GL (Dept. 079). The examples also assume that the related accounts payable would have been previously set-up. (For an example of an accrual that affects accounts payable, see example 10.2.1.)

DFMS recording of a payment request to SPS:

Financial Reporting Account	Authority Code	I/E	Amount
21111 Accounts payable ongoing	R300 Other assets/liabilities	E	DR xxx
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	CR xxx

On receipt of a departmental requisition, the SPS performs a validation, makes the payments and provides payment issue data to departments (i.e., payment registers for reconciliation purposes) and to the Cheque Redemption Control Directorate (CRCD) for payment redemption purposes. The related payment control data are sent to the RG-GL to permit payment reconciliation between departments and the Receiver General (RG). The RG-GL edits the SPS information and sends reports and data files on the payment control data and the payment control account balances to departments.

DFMS recording based on the RG-GL Control Data Report or the RG-GL Control Data file:

Financial Reporting Account	Authority Code	I/E	Amount
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The d would be substituted by the applicable department number. If departments are requisitioning payments in a major foreign currency, the payment control account 66ddd would be used for US dollars and 67ddd for the other major foreign currencies.

Based on the SPS daily payment issue data, the RG-GL also posts the following entry.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
61ddd Cash payment control accounts	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number. If departments are requisitioning foreign currency payments, the payment control account 66ddd would be used for US dollars and 67ddd for other major foreign currencies.

The Bank of Canada is notified of payments honoured by financial institutions and advises the RG. The RG instructs the Bank of Canada to draw funds from the CRF to reimburse the financial institutions. The CRCD matches the payments honoured with the payments issued information and notifies the RG of the reconciled value redeemed. Based on such notification, the following entry will be recorded:

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding Payments	R300 Other assets/liabilities	E	DR xxx
11111 Cash on deposit in Canadian currency	R300 Other assets/liabilities	E	CR xxx

10.3.2 Cancellation of a Payment <u>before the SPS Extract</u>

When a department intercepts a payment before the SPS extract, SPS nevertheless processes the payment as issued, returned and cancelled and provides corresponding data to the RG-GL, CRCD and the department.

The entries are therefore the same as for the cancellation of a payment after the SPS extract.

10.3.3 Cancellation of a Payment after the SPS Extract

The SPS extract (which confirms the successful completion of a payment issue) results in SPS sending control data related to payment issue to the RG-GL resulting in the RG-GL posting an entry to the payment control account.

Before it can be cancelled, the payment must be identified as returned in the SPS. The department can then proceed with the cancellation online in SPS or forward an electronic Client Action File to SPS. (Exception: Where the cheque to be cancelled was not issued by SPS, the department will send the cheque to Payment Products and Services Directorate (PPSD) of PWGSC for conversion to SPS and to be identified as returned in SPS before the department can proceed with the cancellation.)

The input to the SPS creates a separate requisition to cancel the transaction and sends a cancel file/register back to the department. The SPS also sends control data to the RG-GL for the cancellation and the following entry is generated:

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The d would be substituted by the applicable department number.

On receipt of the control data file/cancellation register, the client department records the following transaction:

DFMS recording on submitting a payment cancellation request to SPS:

Financial Reporting Account	Authority Code	I/E	Amount
61ddd Cash payment control accounts	0000	E	DR xxx
21111 Accounts payable ongoing or 51XXX Program expenses	R300 Other assets/liabilities or BXXX Non-statutory expenditures or D311 Refunds of previous years expenditures	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

Cheque to be cancelled is unavailable

When the payment to be cancelled was issued by cheque and the cheque is unavailable, the department must make the request to CRCD by completing the PWGSC-TPSGC 5495 "CRCD Cancellation without RG Cheque (SPS issue)" form or 5498 "CRCD Cancellation without RG Cheque (non SPS Issue)" form for CRCD to do the necessary processing. PWGSC forms can be obtained via the PWGSC Publiservice Intranet at the following URL: http://publiservice.pwgsc.gc.ca/forms/text/index-e.html.

CRCD Cancellation without RG Cheque (SPS issue) Form Used

The CRCD changes the status of the cheque in SPS to "cancelled", where the PWGSC-TPSGC 5495 "CRCD Cancellation without RG Cheque (SPS issue)" form is used. Once the payment is cancelled by the CRCD, no further action can be taken on this cheque. The SPS sends control data to the RG-GL for the cancellation, but sends a cancellation register back to the department.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The d would be substituted by the applicable department number.

On receipt of the control data file/cancellation register, the client department records the following transaction:

DFMS recording:

Financial Reporting Account	Authority Code	I/E	Amount
61ddd Cash payment control accounts	0000	E	DR xxx
21111 Accounts payable ongoing or 51XXX Program expenses	R300 Other assets/liabilities or BXXX Non-statutory expenditures or D311 Refunds of previous years expenditures	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes. The d would be substituted by the applicable department number.

CRCD Cancellation without RG Cheque (non SPS Issue) Form Used

In the case where the PWGSC-TPSGC 5498 "CRCD Cancellation without RG Cheque (non SPS Issue)" form is used, the identical accounting is done both in the department's DFMS and in the RG-GL. The difference is that the RG-GL primary feedback to the departments is a returned copy of the completed PWGSC-TPSGC 5498 form and the IJV processed in the RG-GL will also appear on the RG-GL Daily Report of IJVs, rather than the department receiving the RG-GL Control Data report or the RG-GL Control Data file.

NOTE: If the payment has been back-loaded by PPSD in SPS (i.e., converted to SPS), the processing and accounting will follow the PWGSC-TPSGC 5495 "CRCD Cancellation without RG Cheque (SPS issue)" form model, above.

10.3.4 Cancellation of a Payment <u>after the SPS Extract</u> but the Cheque is Subsequently Cashed

The department requested, through the SPS, that a payment be cancelled; however the cheque was still outstanding and not returned to CRCD. Subsequent to the cancellation, the cheque is cashed. The CRCD (Dept. 097) has to charge the SPS client department for the cheque that was cashed. CRCD prepares a PWGSC-TPSGC 5496 "RG Payment Adjustment" form and processes an IJV through the RG-GL. All the required entries are the same as described in 10.3.5.

10.3.5 Cashed Duplicate Payment (Original and Replacement)

A department has requested, through the SPS, that a replacement cheque be issued and both the replacement and the original cheques are cashed. The CRCD (Dept. 097) has to charge the SPS client department for the additional cheque that was cashed by preparing a PWGSC-TPSGC 5496 "RG Payment Adjustment" form and processing the following IJV through the RG-GL:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
61ddd Cash payment control accounts	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number.

The CRCD then sends the RG Payment Adjustment form to the department to advise it of the duplicate payment.

On receipt of the RG Payment Adjustment form from the CRCD, the department that requested the payment reissue processes the following transaction:

DFMS recording:

Financial Reporting Account	Authority Code	I/E	Amount
51XXX Program expenses	BXXX Non-statutory expenditures	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes. The d would be substituted by the applicable department number.

The department prepares an invoice to recover the amount of the cashed duplicate payment from the payee and the following entry is made in the department's DFMS.

DFMS recording:

Financial Reporting Accounts	Authority Code	I/E	Amount
11226 Other receivables	R300 Other assets/liabilities	E	DR xxx
51XXX Program expenses	F123 Refunds of program expenditures	E	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs.

10.4 DEPARTMENTAL BANK ACCOUNTS (DBAs)

Departments that have received approval to issue DBA cheques will have one DBA account established for it by the RG. DBA cheques are issued by departments and the cheques are reported to the SPS, which considers the DBA cheque issue a payment product.

The Banking and Cash Management Sector (BCMS) and the CRCD are involved in the settlement of the cash disbursed by the financial institutions to honour these DBA cheques and the Bank of Canada redemption process for these cheques, respectively.

Data provided by the financial institutions, Bank of Canada and the BCMS are used to maintain the cash control accounting in the RG-GL.

10.4.1 DBA Payment Reporting (information sent to the SPS)

A department sends payment information for DBA cheques issued to the SPS and makes the following accounting entry in its DFMS:

DFMS recording:

Financial Reporting Account	Authority Code	I/E	Amount
21111 Accounts payable ongoing or 51XXX Program expenses	R300 Other assets/liabilities or BXXX Non-statutory	E	DR xxx
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

and

On receipt of the SPS Return File for the DBA cheque issue:

Financial Reporting Account	Authority Code	I/E	Amount
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	DR xxx
68ddd Payment control account - DBA and ZBA redemptions	0000	E	CR xxx

The d would be substituted by the applicable department number.

The SPS performs a validation on receipt of the departmental requisition with DBA issue information. SPS also provides departments with DBA issue data in the form of payment registers containing pertinent information for reconciliation purposes and provides the CRCD with the same information for payment redemption control purposes.

DBA payment control data are also sent to the RG-GL to provide a control amount that should be matched to the amount departments report in their period-end trial balances to the CFMRS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
68ddd Payment control account - DBA and ZBA redemptions	0000	E	DR xxx
11131 Outstanding payment	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number.

Periodically, the BCMS provides an entry to the RG-GL to identify the value of the DBA cheques redeemed. This entry also recognizes the impact on the government's cash account.

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
11111 Cash on deposit in Canadian currency (Consolidated Revenue Fund)	R300 Other assets/liabilities	E	CR xxx

10.4.2 DBA Adjustment for Discrepancy of Cheque Amount

The Bank of Canada is notified of DBA payments honoured by financial institutions and advises the RG and BCMS accordingly. The CRCD may determine that there is a discrepancy in the cheque amount information provided by the department and the value redeemed for the cheque.

Value of DBA cheque redeemed for an amount higher than that which was recorded

When the DBA payment value redeemed is higher than the amount recorded and provided by the DBA issuing department, the CRCD (Dept. 097) raises a PWGSC-TPSGC 5494 "DBA Cancellation-Adjustment" form for the difference and processes the following accounting entry in order to balance the accounts for this extra amount.

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
68ddd Payment control account DBA & ZBA redemptions	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number.

On receipt of the DBA Cancellation-Adjustment form from the CRCD, the department processes the following transaction:

DFMS recording (Issuing dept.):

Financial Reporting Accounts	Authority Code	I/E	Amount
11226 Other receivables or 51XXX Program expenses	R300 Other assets/liabilities or BXXX Non-statutory expenditures	E	DR xxx
68ddd Payment control account DBA & ZBA redemptions	0000	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes. The d would be substituted by the applicable department number.

Value of DBA cheque redeemed for an amount lower than that which was recorded

When the DBA payment value redeemed is lower than the amount recorded and provided by the department, the CRCD (Dept. 097) raises a DBA Cancellation-Adjustment form for the difference and records the following IJV entry in the RG-GL:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Accounts	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
68ddd Payment control account DBA & ZBA redemptions	0000	E	CR xxx

The d would be substituted by the applicable department number.

On receipt of the DBA Cancellation-Adjustment form from the CRCD, the DBA issuing department will process the following transaction:

DFMS recording (Issuing dept.):

Financial Reporting Accounts	Authority Code	I/E	Amount
68ddd Payment control account DBA & ZBA redemptions	0000	E	DR xxx
21111 Accounts payable ongoing or 51XXX Program expenses	R300 Other assets/liabilities or BXXX Non-statutory expenditures	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes. The d would be substituted by the applicable department number.

10.4.3 Cancellation of DBA Cheques

The DBA issuing department advises the CRCD of DBA cheques that are being cancelled by completing the PWGSC-TPSGC 5494 "DBA Cancellation-Adjustment" form. The CRCD processes the following IJV entry in the RG-GL:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Accounts	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
68ddd Payment control account DBA & ZBA redemptions	0000	E	CR xxx

The d would be substituted by the applicable department number.

On confirmation by the CRCD that the processing is completed, the DBA issuing department will process a transaction reversing the original accounting entry that may be similar to the following transaction:

DFMS recording (Issuing dept.):

Financial Reporting Accounts	Authority Code	I/E	Amount
68ddd Payment control account DBA & ZBA redemptions	0000	E	DR xxx
21111 Accounts payable ongoing or 51XXX Program expenses	R300 Other assets/liabilities or BXXX Non-statutory expenditures or D311 Refunds of previous years expenditures	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes. The d would be substituted by the applicable department number.

10.5 DEPOSITS

All public money collected or received by departments must be deposited in accounts established in financial institutions by the RG and the receipt data must be inputted into their DFMS.

10.5.1 Deposits in Canadian Currency

When departments make cash sales (including Goods and Services Tax (GST) or Harmonized Sales Tax (HST)) or receives cheques from customers to settle accounts receivable, the receipts are deposited in the financial institution and departments should make the following entry in their DFMS:

DFMS recording of a deposit related to cash sales:

Financial Reporting Account	Authority Code	I/E	Amount
11123 Deposits in transit to the RG	R300 Other assets/liabilities	E	DR xxx
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	E	CR xxx
21134 GST (including HST) payable to CRA	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

DFMS recording of a deposit related to cheques received in settlement of accounts receivable:

Financial Reporting Account	Authority Code	I/E	Amount
11123 Deposits in transit to the RG	R300 Other assets/liabilities	E	DR xxx
11221 Accounts receivable - non-tax revenue	R300 Other assets/liabilities	E	CR xxx

Based on the deposit control data sent to the department by the RG-GL, the following entry would be made in its DFMS.

DFMS recording:

Financial Reporting Account	Authority Code	I/E	Amount
62ddd Cash deposit control accounts	0000	E	DR xxx
11123 Deposits in transit to the RG	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number.

BCMS Entries in the RG-GL

When notified by the Bank of Canada, BCMS will make the following entry in the RG-GL for deposits related to all departments.

RG-GL recording (Dept. 097)

Financial Reporting Account	Authority Code	I/E	Amount
11111 Cash on deposit in Canadian currency	R300 Other assets/liabilities	E	DR xxx
11124 Outstanding deposits	R300 Other assets/liabilities	E	CR xxx

When details of the deposits are reported by the financial institution, BCMS will make the following entry in the RG-GL for department ddd.

RG-GL recording (Dept. 097)

Financial Reporting Account	Authority Code	I/E	Amount
11124 Outstanding deposits	R300 Other assets or liabilities	E	DR xxx
62ddd Cash deposit control accounts	0000	E	CR xxx

The d would be substituted by the applicable department number.

10.5.2 Deposits in Foreign Currencies

For departments that receive <u>foreign currencies</u> which are <u>deposited in one of the major foreign currency accounts</u> (i.e., <u>US dollar, British pound or Euro</u>) that have been established in financial institutions by the RG, BCMS will advise departments of the Canadian equivalent. The entries noted in this subsection will apply and reflect the Canadian dollar equivalent.

For departments that receive <u>foreign currencies</u> which are **not** deposited in one of the major foreign currency accounts, the foreign currency <u>will be deposited in their regular deposit account</u> and the financial institution will calculate the Canadian dollar equivalent, using their foreign exchange rate. Please refer to subsection 10.5.1 for the relevant entries.

When foreign currencies are deposited by departments in one of the major foreign currency accounts (i.e., US dollar, British pound or Euro), BCMS will receive detailed information from the financial institutions and make the following entry in the RG-GL using the monthly standard rate of exchange in force on the date of the deposit.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
11114 Cash on deposit in foreign currency	R300 Other assets/liabilities	E	DR xxx
11124 Outstanding deposits	R300 Other assets/liabilities	E	CR xxx

Once BCMS has identified in the Bank Facilities System (BFS) the departments that made the deposit, BCMS will make the following entry in the RG-GL and notify departments of the foreign currency deposits by providing them with a Foreign Currency Deposit Details file.

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11124 Outstanding deposits	R300 Other assets/liabilities	E	DR xxx
69ddd Deposit control account in foreign currencies	0000	E	CR xxx

The d would be substituted by the applicable department number.

Based on the deposit control data sent to the department, by the RG-GL, the following entry would be made in its DFMS.

DFMS recording (Dept. X):

Financial Reporting Account	Authority Code	I/E	Amount
69ddd Deposit control account in foreign currencies	0000	E	DR xxx
11123 Deposits in transit to the RG	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number.

10.6 PAY ACTIONS

10.6.1 Payroll Processing

Departments input their pay transactions to the Regional Pay System (RPS), via the Regional Pay On-line facility to create or modify employee payroll records. The RPS functionality supports the reporting of payroll expenditure data to departments and to department 079, the Payroll Systems-General Ledger (PS-GL). Specifically, the RPS functionality:

- Calculates the pay and deductions for departmental employees and requests from SPS payment for the net amount;
- Provides to departments the Detailed Expenditure Extract File containing the gross pay run which can be used for recording payroll expenses and any departmental credit-backs; and,
- Provides payroll control account details on a pay run basis.

Pay transactions

On receipt of a RPS requisition, the SPS validates the data, makes the payments and provides payment issue data to the PS-GL in the form of payment registers. These payment registers provide the PS-GL with the information required for reconciliation purposes and provide CRCD with the information needed to make payment redemptions. The related payment control data are sent to the RG-GL to permit payment reconciliation between the PS-GL and the RG.

Based on the SPS daily payment issue data forwarded to the RG-GL, the RG-GL edits the information, posts the following entry and sends reports and data files on the payment control data and the payment control account amounts to the PS-GL.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
61079 Cash payment control accounts	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

PS-GL recording based on the RG-GL Control Data Report or the RG-GL Control Data file:

Financial Reporting Account	Authority Code	I/E	Amount
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	DR xxx
61079 Cash payment control accounts	0000	E	CR xxx

As a result of the RPS pay processing initiated by departments, the data files generated by the RPS would result in the following PS-GL accounting entries:

PS-GL recording (Dept. 079):

Financial Reporting Account	Authority Code	I/E	Amount
63ddd Payroll control accounts	0000	E	DR xxx
2112X Unpaid payroll deductions	R300 Other assets/liabilities	E	CR xxx
11134 Payments in transit to the RG	0000	E	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs. The d would be substituted by the applicable department number.

The RPS provides departments with the Detailed Expenditure Extract File containing the gross pay run data plus any credit-back data, which departments will use to process the following accounting entry in their DFMS.

DFMS recording (Dept. ddd):

Financial Reporting Account	Authority Code	I/E	Amount
51311 Salaries and wages	BXXX Non-statutory expenditures	E	DR xxx
63ddd Payroll control accounts	0000	E	CR xxx
21111 Accounts payable ongoing [1]	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes. The d would be substituted by the applicable department number. The [1] will apply where there are deductions for credit-backs to departments calculated by RPS.

Recovering from Treasury Board Secretariat the employer's share of employee benefits

Department 079 initiates a creditor IS to the SPS to recover the employer's share of employee benefits (previously set up as a receivable) from TBS (Dept. 056).

PS-GL recording (Dept. 079):

Financial Reporting Account	Authority Code	I/E	Amount
64079 IS Debit Control Account	0000	I	DR xxx
11242 Other receivables from OGD	R300 Other assets/liabilities	I	CR xxx

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65056 IS credit control account	0000	I	DR xxx
64079 IS debit control account	0000	I	CR xxx

After notification of the IS entry by the SPS, TBS processes an accounting entry to record the transaction.

DFMS recording (TB/Dept. 056):

Financial Reporting Account	Authority Code	I/E	Amount
51312 Employer contribution costs	A14X Employer contribution to employee benefit plans	I	DR xxx
65056 IS credit control account	0000	I	CR xxx

The X is used when a choice of authority codes is available.

Treasury Board Secretariat's recovery of contribution costs from departments

After TBS (Dept. 056) processes the IS for the employer contribution costs, raised by Department 079, that recovers contribution costs from TBS, it then raises an IS to SPS to recover the share of the employer contribution costs from the operational departments.

Here is an example of the accounting related to the recovery of the employer contribution by TBS from department ddd.

DFMS recording (TB/Dept. 056):

Financial Reporting Account	Authority Code	I/E	Amount
64056 IS Debit Control Account	0000	I	DR xxx
51312 Employer contribution costs	A14X Employer contribution to employee benefit plans	I	CR xxx

The X is used when a choice of authority codes is available.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (RG/Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65ddd IS credit control account	0000	I	DR xxx
64056 IS debit control account	0000	I	CR xxx

The d would be substituted by the applicable department number.

After notification of the IS entry by the SPS, each employing department processes an accounting entry to record the expenses.

DFMS recording (Dept. ddd):

Financial Reporting Account	Authority Code	I/E	Amount
51312 Employer contribution costs	A14X Employer contribution to employee benefit plans	I	DR xxx
65ddd IS Credit Control Account	0000	I	CR xxx

The X is used when a choice of authority codes is available. The d would be substituted by the applicable department number.

Source deductions and employer contributions will also be transferred from Dept. 079 to organizations within the Government of Canada reporting entity through the IS process in the SPS. Source deductions to be remitted to organizations outside the Government of Canada are processed as payment requisitions to the SPS by Dept. 079.

10.6.2 Employee Transferred/On Loan to Other Department

An employee transfers from Dept. A to Dept. B. and Dept. A raises an IS to the SPS to recover the salary charges from Dept. B. After notification of the processing of the IS transaction by the SPS and receipt of the RG-GL control account data files and the control account balances, Dept. A (creditor) processes an accounting entry to clear the accounts receivable account or to credit the expenses. (For an example of an accrual entry, see example 10.2.8.)

Dept. A DFMS recording (transfer out or lending department)

Financial Reporting Account	Authority Code	I/E	Amount
64aaa IS debit control account	0000	I	DR xxx
11242 Other receivables from OGD or 51311 Salaries & wages	R300 Other assets/liabilities or BXXX Non-statutory expenditures	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes. The a represents the creditor department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (RG/Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65bbb IS credit control account	0000	I	DR xxx
64aaa IS debit control account	0000	I	CR xxx

The a and b represent the creditor and debtor department numbers.

After notification of the processing of the IS transaction by the SPS and receipt of the RG-GL control account data files and the control account balances, Dept. B (debtor) processes an accounting entry to clear the accounts payable account or to charge the expenses. (For an example of an accrual entry, see example 10.2.8.)

Dept. B DFMS recording (transfer in or receiving department)

Financial Reporting Account	Authority Code	I/E	Amount
21132 Other payables to OGD or 51311 Salaries & wages	R300 Other assets/liabilities or BXXX Non-statutory expenditures	I	DR xxx
65bbb IS credit control account	0000	I	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes. The b represents the debtor department number.

10.6.3 Garnishment of Salaries

Until the RPS has been updated to automatically deduct the required garnishment amount from the employee's pay, the department is required to cancel all salary payments made to the affected employee and subsequently to issue a cheque to a third party identified by the courts and to issue the remainder to the employee. In this example, the department completes and forwards the PWGSC-TPSGC 5497 Salary Garnishment Cheque Cancellation form to the CRCD to indicate the requirement to cancel an employee's net amount cheque.

Garnishment of salaries generally involves a department being notified by a court order to commence forwarding part of an employee's salary to a third party. Please see Chapter 6 of this manual entitled "Payroll Systems (PS) and Departments" (URL: http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html) for complete details and also refer to the RG Directive 1999-6R1, "Post-Issue Procedures for Receiver General Cheques – For Departments Complying with the Financial Information Strategy (FIS)" (URL: http://publiservice.pwgsc.gc.ca/rg/text/oldrg-e.html).

The CRCD would then process the following transaction in the RG-GL:

RG-GL recording (RG/Dept. 097 IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The d would be substituted by the applicable department number.

On receipt of the confirmation information by the CRCD and receipt of the RG-GL IJV Report and the control account balances, Dept. X processes the following transaction:

DFMS recording:

Financial Reporting Account	Authority Code	I/E	Amount
61ddd Cash payment control accounts	0000	E	DR xxx
21613 Garnished salaries	R300 Other assets/liabilities	E	CR xxx

The d would be substituted by the applicable department number.

Once the cheque has been cancelled by CRCD, the department raises two payments through the SPS; one to issue a cheque to the third party identified by the courts and one to the employee for the remainder of the payable.

DFMS recording of the two payment requests to SPS:

Financial Reporting Account	Authority Code	I/E	Amount
21613 Garnished salaries	R300 Other assets/liabilities	E	DR xxx
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	CR xxx

Based on the SPS daily payment issue data, the RG-GL posts the following entry for the two payments.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
61ddd Cash payment control accounts	R300 Other assets/liabilities	E	DR xxx
11131 Outstanding payments	0000	E	CR xxx

The d would be substituted by the applicable department number.

After notification of the cheque issue (for the two payments) by the SPS and receipt of the RG-GL control account data files from the RG-GL and the control account balances, the department will process the following entry:

DFMS recording based on the RG-GL Control Data File or Report:

Financial Reporting Account	Authority Code	I/E	Amount
11134 Payments in transit to the RG	R300 Other assets/liabilities	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The d would be substituted by the applicable department number.

10.7 INTERDEPARTMENTAL SETTLEMENTS – MISCELLANEOUS

ISs are used for transactions between government departments. The processing of IS transactions through SPS is much like the process for payment requisitioning except that it does not result in a RG cheque. The SPS confirms to the initiating department the processing of the settlement, provides extracts of IS control data to the RG-GL and notifies the recipient department of the settlement request and details.

IS transactions are usually initiated by the creditor department; however, a debtor department may also initiate an IS. In Chapter 12 of this manual entitled "Interdepartmental Settlement (IS) Processing" (URL: http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html), there is a table that provides a protocol to identify which department initiates the IS for specific situations.

In addition to the IS examples provided in the previous sections, the following transactions will also involve the use of the SPS process.

10.7.1 Goods and Services between Departments

Dept. A (debtor) has received an invoice from Dept. B (creditor) for the sale of goods and services. Dept. B (creditor) processes an IS to obtain settlement for the invoice. After notification of the processing of the IS transaction by the SPS and receipt of the RG-GL control account data files and the control account balances, Dept. B (creditor) processes the following entry.

DFMS recording (Dept. B - Creditor):

Financial Reporting Account	Authority Code	I/E	Amount
64bbb IS debit control accounts	0000	I	DR xxx
11242 Other receivables from OGD	R300 Other assets/liabilities	I	CR xxx

The b represents the creditor department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65aaa IS credit control accounts	0000	I	DR xxx
64bbb IS debit control accounts	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS. The a and b represent the debtor and creditor department numbers.

After notification of the processing of the IS transaction by the SPS and receipt of the RG-GL control account data files and the control account balances, Dept. A (debtor) processes an accounting entry to clear the accounts payable account. Dept. A (debtor) has already charged the expenses. (For an example of an accrual entry, see Example 7 in subsection 10.3.1.)

DFMS recording (Dept. A - Debtor):

Financial Reporting Account	Authority Code	I/E	Amount
21132 Other payables to OGD	R300 Other assets/liabilities	I	DR xxx
65aaa IS credit control accounts	0000	I	CR xxx

The a represents the debtor department number.

10.7.2 Goods and Services between Revolving Funds within the same Department

Settlements of receivables and payables between units of the same department (e.g., goods and services provided by its own revolving fund) are **not** to be processed through the SPS. Instead, IJVs should be used and departmental coding should be aligned to the FRA 21612, Intradepartmental Clearing Account which was assigned for this purpose. This account however should always have a zero balance when consolidated at the departmental level and be transferred to CFMRS via the departmental trial balance.

10.7.3 Other Transactions within the same Department

For other transactions (e.g., reallocations) within a department, IJV entries should be processed in the department's DFMS. Departments are to use the FRA 21612, Intradepartmental Clearing Account for these transactions and the amounts in this account will zero out within each department.

10.7.4 Debit Memo

Dept. B (creditor) has sent a debit memo to Dept. A (debtor) for an increase to an invoice related to the sale of goods and services. Dept. B initiates the IS to settle the debit memo.

DFMS recording (Dept. B - Creditor):

Financial Reporting Account	Authority Code	I/E	Amount
64bbb IS debit control accounts	0000	I	DR xxx
11242 Other receivables from OGD	R300 Other assets/liabilities	I	CR xxx

The b represents the creditor department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65aaa IS credit control accounts	0000	I	DR xxx
64bbb IS debit control accounts	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite the DR and CR used for the IS control account entries recorded by the departments in their DFMS. The a and b represent the debtor and creditor department numbers.

After notification of the processing of the IS transaction by the SPS and receipt of the RG-GL control account data files and the control account balances, Dept. A (debtor) processes an accounting entry to expense the additional charge.

DFMS recording (Dept. A - Debtor):

Financial Reporting Account	Authority Code	I/E	Amount
5132x Operating and maintenance	BXXX Non-statutory expenditures	I	DR xxx
65aaa IS credit control accounts	0000	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes
The a represents the debtor department number.

10.7.5 Credit Memo

Dept. B (debtor) has sent a credit memo to Dept. A (creditor) for a decrease to a sale of goods and services invoice. Dept. B initiates the debtor IS to SPS to settle the credit memo.

DFMS recording (Dept. B - Debtor):

Financial Reporting Account	Authority Code	I/E	Amount
4232x Sales of goods and services within the government	D2XX Statutory user-charges or E2XX Non-statutory user-charges	I	DR xxx
65bbb IS credit control accounts	0000	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes
The b represents the debtor department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65bbb IS credit control accounts	0000	I	DR xxx
64aaa IS debit control accounts	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS. The a and b represent the creditor and debtor department numbers.

After notification of the processing of the IS transaction by the SPS, Dept. A processes an accounting entry for the credit memo.

DFMS recording (Dept. A - Creditor):

Financial Reporting Account	Authority Code	I/E	Amount
64aaa IS debit control accounts	0000	I	DR xxx
5132x Operating and maintenance	BXXX Non-statutory expenditures	I	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRA and authority codes. The a represents the creditor department number.

10.7.6 Advances to OGDs

Issue of an Advance to an OGD or an increase in an advance to an OGD

These transactions occur when a funding department (Dept. A) asks a spending department (Dept. B) to deliver part of a Dept. A program and transfers funds to Dept. B to cover the potential expenditures. Dept. A raises an IS requisition to the SPS. The accounting entries are as follows:

DFMS recording (Dept. A - Funding dept.):

Financial Reporting Account	Authority Code	I/E	Amount
11244 OGD Suspense Advances	BXXX Non-statutory expenditures	I	DR xxx
65aaa IS credit control accounts	0000	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes. The a represents the funding department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65aaa IS credit control accounts	0000	I	DR xxx
64bbb IS debit control accounts	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS. The a and b represent the funding and spending department numbers.

On receipt of the Interdepartmental Settlement Notice (ISN) information via the IS Return/Notification file from the SPS, the IS recipient department (Dept. B) processes the following transaction:

DFMS recording (Dept. B - Spending dept.):

Financial Reporting Account	Authority Code	I/E	Amount
64bbb IS debit control accounts	0000	I	DR xxx
21621 OGD Suspense	B410 Authorities transferred from OGD Suspense	I	CR xxx

The b represents the spending department number.

10.7.7 Spending of an OGD Advance

Accounting for expenditures against an OGD advance

The transfer of the accounting for the spending of an advance **cannot** be processed as an IS requisition to the SPS since no funds/spending authority are changing hands. The only time an IS should be used is to issue additional advances or to return the unspent portion of one or more advances.

The departmental entries for Dept. A (funding) and Dept. B (spending) are as follows. **It is very important to note that the Spending Dept. B will record the original expenses as either an "E", or "I" based on whether the supplier is external or internal.** In the reduction to the OGD Suspense Accounts Payable (A/P) account, the Spending Dept. B will use "I" in its entries. As well, the Funding Dept. A in recording the expenses and reducing the amount of OGD Suspense Accounts Receivable (A/R) account will use "I". This is viewed as the safest manner to ensure that all "E" expenses are accurately recorded in the government-wide consolidation during a fiscal year.

DFMS recording of expenditures (Dept. B - Spending dept.):

Financial Reporting Account	Authority Code	I/E	Amount
5132x Operating and maintenance	B410 Authorities transferred from OGD Suspense	E	DR xxx
61ddd Cash payment control accounts	0000	E	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs. The d would be substituted by the applicable department number.

Once expenditures have been recorded as charges against the OGD advance, information concerning the usage of the transferred funds is passed (using a fax, e-mail or other means) between the two departments and should contain the appropriate FRAs and objects used in relation to the OGD advance. Departmental entries are as follows:

DFMS recording (Dept. B - Spending dept.):

Financial Reporting Account	Authority Code	I/E	Amount
21621 OGD Suspense	B410 Authorities transferred from OGD Suspense or R300 Other assets/liabilities	I	DR xxx
5132x Operating and maintenance	B410 Authorities transferred from OGD Suspense	I	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs.

DFMS recording (Dept. A - Funding dept.):

Financial Reporting Account	Authority Code	I/E	Amount
5132x Operating and maintenance	BXXX Non-statutory expenditures	I	DR xxx
11244 OGD Suspense Advances	BXXX Non-statutory expenditures	I	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

NOTE: This will require a coordinated approach by both departments to ensure that complete and accurate accounting is made in the same accounting period.

10.7.8 Return of the Unspent Portion of an OGD Advance

Returning the remaining advance

Dept. B (spending department) has not spent all the transferred funds from Dept. A (funding department). To return the unused portion, Dept. B raises an IS requisition to the SPS. At year end, departments should follow the examples of the OGDS account year end accounting entries presented in the Treasury Board Accounting Manual, (section 9.9, entries 3a) through 4) at the following URL: http://publiservice.tbs-sct.gc.ca/Pubs_pol/dcgpubs/accstd/fisam-mcssif-0701_e.html.

10.7.9 GST or HST Charged by Departments on the Sale of Goods or Services

The GST or HST portion of each supply of goods or services by departments will usually be recorded in the departmental accounts, at the time of the cash transaction or when a credit transaction is invoiced. The amount of the sale, including the related GST or HST, will be recorded as an accounts receivable.

Credit Sale

Financial Reporting Account	Authority Code	I/E	Amount
11221 Accounts receivable - non-tax revenue	R300 Other assets/liabilities	E	DR xxx
423XX Sales of goods & services	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	E	CR xxx
21134 GST (including HST) payable to CRA	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

In the month that the sale is to be reported on the return to the Canada Revenue Agency (CRA) (i.e., sales that occurred for the previous month), the GST/HST payable will be transferred by departments to the CRA by IS. The GST or HST amounts reported on the monthly return and deposit advice for the period must be identical to the amount of the IS. **Any balance in the departmental GST/HST liability account, for sales made during March, will be transferred and reported to CRA in April of the new year.**

DFMS recording (IS to CRA of monthly return for GST/HST charged on sales)

Financial Reporting Account	Authority Code	I/E	Amount
21134 GST (including HST) payable to CRA	R300 Other assets/liabilities	I	DR xxx
65ddd IS Credit control accounts	0000	I	CR xxx

The d would be substituted by the applicable department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65ddd IS credit control accounts	0000	I	DR xxx
64122 IS debit control account	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS. The d would be substituted by the applicable department number.

CRA (Dept. 122) processes the following transaction on receipt of the ISN information via the Return/Notification file from the SPS:

CRA DFMS recording (Dept. 122):

Financial Reporting Account	Authority Code	I/E	Amount
64122 IS debit control account	0000	I	DR xxx
41312 Total GST/HST assessed	C211 Net collections	I	CR xxx

10.7.10 GST or HST Paid by Departments on the Purchase of Goods or Services

The GST or HST payable by departments to their suppliers is to be recorded at the time an invoice is received and recorded as an accounts payable. The GST or HST portion of the accounts payable will be recorded in the Refundable Advance Account (RAA). Only GST and HST payments for which an offset is available pursuant to the Tax Remission Order may be charged to the RAA.

DFMS recording on the purchase

Financial Reporting Account	Authority Code	I/E	Amount
51XXX Program expenses	BXXX Non-statutory expenditures	E	DR xxx
13392 GST - RAA	G111 GST - RAA	E	DR xxx
21111 Accounts payable ongoing	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs or authority codes is available. Departments will use the appropriate FRAs or authority codes.

10.7.11 Debt Set-offs

A department that is having difficulties recovering moneys from a debtor, may request another department, that has an accounts payable with the same debtor to recover the debt from their accounts payable. In the following example, Human Resources and Skills Development (HRSD) (Dept. 014) notifies CRA (Dept. 122) of an outstanding student loan receivable that is past due. CRA is notified and reduces the tax refund by an amount that may be less than or equal to the amount outstanding for the student loan.

CRA DFMS recording (Dept. 122):

Financial Reporting Account	Authority Code	I/E	Amount
41XXX Tax revenue	CXXX Statutory tax revenue	E	DR xxx
61122 Cash payment control account - CRA	0000	E	CR xxx
21119 Other payables	R300 Other assets/liabilities	E	CR xxx

The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

Based on the SPS control data, the RG-GL processes the following entry.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
61122 Cash payment control account	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

CRA raises an IS requisition to the SPS to remit to HRSD the amount deducted from the tax refund resulting from the debt offset process.

CRA DFMS recording (Dept. 122):

Financial Reporting Account	Authority Code	I/E	Amount
21119 Other payables	R300 Other assets/liabilities	I	DR xxx
65122 IS credit control account	0000	I	CR xxx

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65122 IS credit control account	0000	I	DR xxx
64014 IS debit control account	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS.

On receipt of the ISN via the IS Return/Notification file from the SPS, HRSD processes the following transaction:

HRSD DFMS recording (Dept. 014):

Financial Reporting Account	Authority Code	I/E	Amount
64014 IS debit control account	0000	I	DR xxx
11226 Other receivables	R300 Other assets/liabilities	I	CR xxx

10.7.12 Interest on the Drawdown of Revolving Funds

This transaction applies to revolving funds which are charged interest for use of government funds and is to be remitted to the Department of Finance (006).

The revolving fund, debtor department (Dept. A), raises an IS requisition to the SPS to record the interest.

DFMS recording (Dept. A):

Financial Reporting Account	Authority Code	I/E	Amount
52320 Interest paid by revolving funds	A5XX Revolving Funds	I	DR xxx
65ddd IS credit control accounts	0000	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes. The d would be substituted by the applicable department number.

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65ddd IS credit control accounts	0000	I	DR xxx
64006 IS debit control account	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS. The d would be substituted by the applicable department number.

On receipt of the ISN information via the IS Return/Notification file from the SPS, the Department of Finance (Dept. 006) processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
64006 IS debit control account	0000	I	DR xxx
42148 Interest from revolving funds	DXXX Statutory non-tax revenue or EXXX Non-statutory non-tax revenue	I	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes.

NOTE: If both Dept. A and the Department of Finance were to set up a payable and receivable respectively, the accounting presented above would need to be adjusted accordingly.

10.7.13 Transferring of External Revenue to the Correct Department

An individual has sent a payment to PWGSC (Dept. 127) that should have gone to Industry Canada (Dept. 033). The cheque was deposited by PWGSC and the original transaction will have been recorded by PWGSC as follows:

If correct department has already recorded an Accrual Entry for the Revenue as "E"

The assumption being made in the accounting that follows is that **Industry Canada has already recorded an A/R "E"**, which relates to the cheque that was <u>incorrectly</u> sent to PWGSC.

DFMS recording (Dept. 127):

Financial Reporting Account	Authority Code	I/E	Amount
62127 Cash deposit control account	0000	E	DR xxx
21611 General suspense account	R300 Other assets/liabilities	E	CR xxx

Once having ascertained that the money should have gone to Industry Canada, PWGSC initiates a debtor IS through the SPS to transfer the funds to the appropriate department.

DFMS recording (Dept. 127):

Financial Reporting Account	Authority Code	I/E	Amount
21611 General suspense account	R300 Other assets/liabilities	I	DR xxx
65127 IS credit control account	0000	I	CR xxx

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65127 IS credit control account	0000	I	DR xxx
64033 IS debit control account	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS.

On receipt of the ISN information via the IS Return/Notification file from the SPS, Industry Canada processes the following transaction:

DFMS recording (Dept. 033):

Financial Reporting Account	Authority Code	I/E	Amount
64033 IS debit control account	0000	I	DR xxx
11221 Accounts receivable - non tax revenue	R300 Other assets/liabilities	I	CR xxx

The entry implies that the correct department used an accrual entry as an "E" to record the revenue in the period that it was earned.

If correct department has not recorded an Accrual Entry for the Revenue as "E"

In the case where the correct department has not recorded an accounts receivable for the amount of the cheque, then special accounting will be required on the part of both departments. Each of the two departments will be required to make an additional accounting entry that will affect the **FRA 21626 IS I/E Suspense Account**.

DFMS recording (Dept. 127):

Financial Reporting Account	Authority Code	I/E	Amount
62127 Cash deposit control account	0000	E	DR xxx
21611 General suspense account	R300 Other assets/liabilities	E	CR xxx

Once having ascertained that the money should have gone to Industry Canada and it has not set-up an accrual "E" entry for the amount, PWGSC processes an entry to transfer the amount to FRA 21626 and then initiates a debtor IS through the SPS to transfer the funds to the appropriate department.

DFMS recording (Dept. 127) to transfer the receipt to the FRA 21626 IS I/E Suspense Account:

Financial Reporting Account	Authority Code	I/E	Amount
21611 General suspense account	R300 Other assets/liabilities	E	DR xxx
21626 IS I/E suspense	R300 Other assets/liabilities	E	CR xxx

DFMS recording (Dept. 127) on raising a debtor IS to SPS:

Financial Reporting Account	Authority Code	I/E	Amount
21626 IS I/E suspense	R300 Other assets/liabilities	I	DR xxx
65127 IS credit control account	0000	I	CR xxx

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65127 IS credit control account	0000	I	DR xxx
64033 IS debit control account	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS.

On receipt of the ISN information via the IS Return/Notification file from the SPS, Industry Canada processes the following transaction:

DFMS recording (Dept. 033):

Financial Reporting Account	Authority Code	I/E	Amount
64033 IS debit control account	0000	I	DR xxx
21626 IS I/E suspense	R300 Other assets/liabilities	I	CR xxx

The entry implies that the correct department did not make an accrual entry to record a revenue.

DFMS recording (Dept. 033):

Financial Reporting Account	Authority Code	I/E	Amount
21626 IS I/E suspense	R300 Other assets/liabilities	E	DR xxx
42XXX Non-tax revenue	EXXX Non-statutory non-tax revenue	E	CR xxx

The entry implies that the department did not use an accrual entry to record the revenue. The X is used when a choice of FRAs and authority codes is available. Departments will use the appropriate FRAs and authority codes.

10.7.14 Interest (Public Debt) Paid on a Specified Purpose Account

The Public Service Superannuation (Dept. 087) calculates the amount of interest owed on the superannuation account and submits a creditor IS to SPS to notify and settle with the Department of Finance.

DFMS recording (Dept. 087):

Financial Reporting Account	Authority Code	I/E	Amount
64087 IS debit control account	0000	I	DR xxx
22211 Public Service Superannuation account	N111 Public Service Superannuation Account	I	CR xxx

Based on the IS control data, the RG-GL processes the following entry for the two departments involved in the IS.

RG-GL recording (Dept. 097):

Financial Reporting Account	Authority Code	I/E	Amount
65006 IS credit control account	0000	I	DR xxx
64087 IS debit control account	0000	I	CR xxx

The DR and CR used for the IS control account entries recorded by the RG-GL are opposite to the DR and CR used for the IS control account entries recorded by the departments in their DFMS.

On receipt of the ISN information via the IS Return/Notification file from the SPS, the Department of Finance processes the following transaction:

Department of Finance DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
52211 Interest on Public Service Superannuation account	A701 Interest on unmatured debt and other public debt costs	I	DR xxx
65006 IS credit control account	0000	I	CR xxx

10.7.15 Questioning an IS involving two Departments

For a questioned IS in SPS that involves two departments, there is a requirement to understand the accounting that is expected to occur in the two departments and in the RG-GL (Dept. 097). The questioning can occur for two reasons, either SPS questions the IS because it exceeds the maximum IS Settlement amount that is set in SPS for the IS recipient department **and** the IS has **not** been accepted by the recipient department within the permitted time period, or because either the initiator or recipient department uses the SPS to question an IS.

Appendix A of this chapter provides a sample of the accounting details.

10.7.16 Accounting for the Effects of a Government Restructuring

Background

Where the Government consolidates, splits, terminates or creates a department or agency, the departments affected by this action are required to record in their DFMS the accounting effects of the reorganization. The legal basis for a reorganization or transfer of duties is generally by the application of the *Public Service Rearrangement and Transfer of Duties Act* or through the passage of legislation in the form of a specific Government Organization Act.

Departments Involved in a Reorganization

The departments involved in a reorganization would usually consist of a transfer out department and a transfer in department. As a result of a reorganization, the departments affected need to consult with each other and with the RG to coordinate the exchange of information, identify the amounts involved and the government-wide coding, and identify the accounting period for processing the required departmental accounting entries.

The establishment of a new department will require the organization to interface with the RG central systems. The Client Services Division (CSD) of the RG's Central Accounting Systems Directorate (CASD) will contact the new department to coordinate the necessary setup, testing and implementation of the new department's system with the RG's suite of central systems.

In the event that the reorganization has resulted in the functions of a department being transferred among one or more departments to the extent that there are no residual functions in the former department, one of the departments to which functions have been transferred will need to be identified as the lead organization for the wind-up of the original department, by assuming the financial and administrative duties of the former department, including the finalization of the accounting and reporting for the former department.

Description of the Accounting Components

A reorganization will usually result in the **transfer of the opening balance amounts for assets, liabilities and the departmental net asset (liabilities) account or a restricted net asset account from a <u>transfer out department</u> to one or more <u>transfer in departments</u>. Where the implementation of the reorganization does not commence on April 1 of a given fiscal year (i.e., occurs during the course of a fiscal year), the transfer amounts will also include a current year component.**

Accounting Entries

The departments involved must agree on an accounting approach, whereby the integrity of the accounting data is maintained. The transfer out department will notify the transfer in department and the RG (Quality Assurance Section of the Central Accounting and Reporting Directorate (CPARD)) of the government-wide codes and amounts involved.

Once there is agreement between the departments and the RG as to the accounting period in which the transfer of the balances will occur, each department will process IJVs in their DFMS (transfer of the accounting **cannot** be processed as an IS requisition to the SPS). The successful securing of this agreement must be confirmed by an e-mail (outlining amounts and the corresponding government-wide coding) that will normally be prepared and communicated by the transfer out department.

(i) Opening Balance Adjustment Entries

The implementation of a reorganization that **commences on April 1 of a given fiscal year will <u>usually</u> result in the transfer of the opening balance amounts for assets, liabilities and the departmental net asset (liabilities) account or a restricted net asset account from a transfer out department to one or more transfer in departments**. Where the implementation of the reorganization **does not commence on April 1** of a given fiscal year (i.e., occurs during the course of a fiscal year), the transfer amounts will also include a current year component.

The following examples of entries display the effects of adjustments to the opening balances in each department's DFMS as a result of a reorganization.

The assumption being made relative to the opening balance amounts is that the sum of the opening balances for liabilities is **greater than** the sum of the assets for the organization being transferred. For this reason, the opening balance for 35ddd ("E" only) line for **removing** the opening balances will be a CR amount for the transfer out department. It follows that the opening balance for 35ddd ("E" only) line for **including** the opening balances will be a DR amount for the transfer in department.

Another key assumption is that the transfer out department will take responsibility for the settlement of any accounts receivable or accounts payable, recognized and recorded as of the effective date of the organization transfer. For accounting purposes, the effective date is considered to be the date on which the transfer in department assumes the responsibility for paying (requisitioning) and receiving funds related to the transferred organization.

<u>**Transfer Out Department**</u>

For the transfer out department, the purpose of the entry adjusting the opening balances **is to remove from the department's DFMS all outstanding assets and liabilities amounts related to the transfer, with the offset to be recorded using the FRA 35ddd Organization Transfer Out/In Offset account**. For reorganizations not taking place on April 1 of a given fiscal year (i.e., that occur during the course of a fiscal year), the transfer of opening balances may only consist of the **outstanding** portion of the assets/liabilities (i.e., the opening balances for which receipt or settlement has yet to occur; for fixed assets to be transferred however, this point on receipt and payment would <u>**not**</u> apply).

Dept.	Financial Reporting Account	Auth.	Activity	Object	Ind.	Amount
ddd	1xxxx Assets	0000	00000	0000	E	CR xxx
ddd	1xxxx Assets	0000	00000	0000	E	CR xxx
ddd	1xxxx Assets	0000	00000	0000	E	CR xxx
ddd	1xxxx Assets	0000	00000	0000	E	CR xxx
ddd	2xxxx Liabilities	0000	00000	0000	E	DR xxx
ddd	2xxxx Liabilities	0000	00000	0000	E	DR xxx
ddd	35ddd Organization Transfer Out/In	0000	00000	0000	E	CR xxx

As with all opening balances, the fields of the government-wide coding block will be zero filled, except for the department number, FRA and I/E indicator (which will use "E" for all entries). The d would be substituted by the transfer out department number. The X is used when a choice of FRAs is available. It is possible that for reorganizations not taking place on April 1 of a fiscal year (i.e., that occur during the course of a fiscal year), the transfer of opening balances may consist of only the outstanding portion of the assets/liabilities (i.e., the opening balances for which receipt or settlement has yet to occur).

Transfer In Department

For the entry adjusting the opening balances, the transfer in department **should include in its DFMS all assets and liabilities amounts identified by the transfer out department with the net offset to be recorded using the FRA 35ddd Organization Transfer Out/In Offset account**.

Dept.	Financial Reporting Account	Auth.	Activity	Object	Ind.	Amount
ddd	1xxxx Assets	0000	00000	0000	E	DR xxx
ddd	1xxxx Assets	0000	00000	0000	E	DR xxx
ddd	1xxxx Assets	0000	00000	0000	E	DR xxx
ddd	1xxxx Assets	0000	00000	0000	E	DR xxx
ddd	2xxxx Liabilities	0000	00000	0000	E	CR xxx
ddd	2xxxx Liabilities	0000	00000	0000	E	CR xxx
ddd	35ddd Organization Transfer Out/In	0000	00000	0000	E	DR xxx

As with all opening balances, the fields of the government-wide coding block will be zero filled, except for the department number, FRA and I/E indicator (which will use "E" for all entries). The d would be substituted by the transfer in department number. The X is used when a choice of FRAs is available. It is possible that for reorganizations not taking place on April 1 of a given fiscal year (i.e., that occur during the course of a fiscal year), the transfer of opening balances may consist of only the outstanding portion of the assets/liabilities (i.e., the opening balances for which receipt or settlement has yet to occur).

It is important for the RG (in particular for the Quality Assurance Section of CPARD) to know **when** these entries occur, as this section is tasked with monitoring the opening balances provided by departments in their CFMRS trial balance submissions. It is essential that both the transfer out and transfer in departments perform their accounting relative to the organization transfer during the same accounting period, otherwise there will be a negative impact on the consolidated accounting.

(ii) Current Fiscal Year Accounting Entries

For government reorganizations that do not coincide with the start of a given fiscal year, it is necessary to also transfer the current year transactions related to the reorganization. Since the balances of the FRA control accounts (61ddd, 62ddd, 63ddd, 64ddd, 65ddd, 66ddd, etc.), related to the current fiscal year's transactions being transferred are **not** to be adjusted, the offset for the current year transactions that are to be transferred are recorded using the FRA 35ddd Organization Transfer Out/In. The FRA 35ddd will only be validated by the RG in CFMRS once CPARD has been notified by the departments involved in the reorganization and has agreed on the timing of the required accounting adjustments in the departments involved.

The following examples of entries display the effects of transfers of current year transactions in each department's DFMS as a result of a reorganization. These entries assume that the transactions being transferred result in a **net debit** position (i.e., the sum of the current fiscal year's year-to-date (YTD) amounts for expenses and assets **exceed** the sum of the YTD amounts for revenues and liabilities for both the "I" and "E" indicator components). Even though the examples provide an asset/liability component, it is possible that the current year transactions related to assets/liabilities may not be included (i.e., the receipt or settlement of some receivables/payables of the organization being transferred has occurred).

To ensure that there is no misstatement of the consolidated (overall) fiscal year YTD expenses, revenues and assets and liabilities, these entries made by the transfer out and transfer in departments must be processed in the <u>same (previously agreed to) accounting period.</u>

For many of the DFMS Clusters, <u>**separate**</u> IJVs for the "E" and "I" set of entries will be required since the mixing of "E" and "I" amounts is <u>**not**</u> permitted. It is expected that the sum of the balances of the "E" coding lines of the IJV would be $0.00 and the sum of the balances of the "I" coding lines of the IJV would be $0.00. However, the illustrative entries that follow for both the transfer out and transfer in departments show a mix of "E" and "I" IJV coding lines.

Transfer Out Department

The transfer out department will process an IJV in its DFMS to clear the departmental accounts of the transactions and amounts identified.

Dept.	Financial Reporting Account	Auth.	Activity	Object	Ind.	Amount
ddd	1xxxx Assets	xxxx	xxxxx	xxxx	E	CR xxx
ddd	1xxxx Assets	xxxx	xxxxx	xxxx	I	CR xxx
ddd	2xxxx Liabilities	xxxx	xxxxx	xxxx	E	DR xxx
ddd	2xxxx Liabilities	xxxx	xxxxx	xxxx	I	DR xxx
ddd	35ddd Organization Transfer Out/In	xxxx	xxxxx	xxxx	E	DR xxx
ddd	35ddd Organization Transfer Out/In	xxxx	xxxxx	xxxx	I	DR xxx
ddd	4xxxx Revenue	xxxx	xxxxx	xxxx	E	DR xxx
ddd	4xxxx Revenue	xxxx	xxxxx	xxxx	I	DR xxx
ddd	5xxxx Expenses	xxxx	xxxxx	xxxx	E	CR xxx
ddd	5xxxx Expenses	xxxx	xxxxx	xxxx	I	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs. The d would be substituted by the transfer out department number. It is possible that the current year transactions related to the assets/liabilities component may not be included (i.e., the receipt or settlement of the asset/liability has already occurred).

Transfer In Department

The transfer in department will establish departmental accounts that generate the same government-wide coding and process an IJV in its DFMS to reinstate the amounts identified by the transfer out organization.

Dept.	Financial Reporting Account	Auth.	Activity	Object	Ind.	Amount
ddd	1xxxx Assets	xxxx	xxxxx	xxxx	E	DR xxx
ddd	1xxxx Assets	xxxx	xxxxx	xxxx	I	DR xxx
ddd	2xxxx Liabilities	xxxx	xxxxx	xxxx	E	CR xxx
ddd	2xxxx Liabilities	xxxx	xxxxx	xxxx	I	CR xxx
ddd	35ddd Organization Transfer Out/In	xxxx	xxxxx	xxxx	E	CR xxx
ddd	35ddd Organization Transfer Out/In	xxxx	xxxxx	xxxx	I	CR xxx
ddd	4xxxx Revenue	xxxx	xxxxx	xxxx	E	CR xxx
ddd	4xxxx Revenue	xxxx	xxxxx	xxxx	I	CR xxx
ddd	5xxxx Expenses	xxxx	xxxxx	xxxx	E	DR xxx
ddd	5xxxx Expenses	xxxx	xxxxx	xxxx	I	DR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs. The d would be substituted by the transfer in department number. It is possible that the current year transactions related to the assets/liabilities component may not be included (i.e., the receipt or settlement of the asset/liability has already occurred).

Closing of Account 35ddd

The balance for FRA 35ddd should be closed into FRA 32ddd, along with the revenues, expenses and control accounts, following the end of the fiscal year in which the transfer took place. An example of the roll-over process is provided in Section 10.9, DFMS Closing of the Old Year Financial Reporting Accounts and the New Year Opening Balances.

10.8 OTHER TRANSACTIONS WITH THE RECEIVER GENERAL – BCMS/CRCD

10.8.1 Zero Balance Accounts (ZBAs)

To record the Bank of Canada recovery for the Hibernia Zero Balance Account from the Department of Finance (Dept. 006) requires the following transaction:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
68006 Payment control account DBA & ZBA redemptions	0000	E	DR xxx
11111 Cash on deposit in Canadian currency	R300 Other assets/liabilities	E	CR xxx

On receipt of the zero balance account replenishment information from the BCMS and the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts, the Department of Finance processes the following transaction:

Department of Finance DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
13134 Canadian Hibernia Holding Corporation	G169 Payments for loans and advances under statutes of the Government of Canada	E	DR xxx
68006 Payment control account DBA & ZBA redemptions	0000	E	CR xxx

10.8.2 Employment Insurance (EI) Paper Warrants

Since EI warrants are issued outside the RG payment systems, HRSD provides BCMS with a file containing information on EI warrants issued and cancelled. Based on this information, BCMS processes an IJV resulting in the following entry:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
6C014 Employment insurance paper warrants control account	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts, HRSD processes the following transaction:

DFMS recording (Dept. 014):

Financial Reporting Account	Authority Code	I/E	Amount
21119 Other payables	R300 Other assets/liabilities	E	DR xxx
6C014 Employment insurance paper warrants control account	0000	E	CR xxx

In the case where EI Benefits are paid by direct deposit, the regular Payment Control Account of FRA = 61014 will be used. The processing vis-à-vis the SPS Return file **and the feeding of direct deposit information to CRCD is the same as explained in Section 10.3.1 of this chapter**.

10.8.3 Adjustments under $20 with PWGSC

When the amount of a cheque that has been redeemed by the Bank of Canada and the amount that was reported as issued has a difference of less than $20, the adjustment is charged to PWGSC (Dept. 127). The adjustment (where the amount redeemed by the Bank of Canada exceeds the amount as reported) would require the following entries:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
61127 Cash payment control account	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

Depending on the currency of the cheque, control accounts 66127, 67127 or 68127 could be used.

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and information from CRCD concerning the cheque difference, PWGSC processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
51321 Operating expenses	B12A Operating vote	E	DR xxx
61127 Cash payment control account	0000	E	CR xxx

10.8.4 Net Fiscal Agent Cheque Recovery

The recovery of net fiscal agent cheques leads to the following entries. The CRCD initiates these entries to charge the Department of Finance (Dept. 006) with the fiscal agent cheques included in the redemption items. Fiscal agent cheques are **not** issued by the RG payment systems.

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
6B006 Payment control account	0000	E	DR xxx
11131 Outstanding payments	R300 Other assets/liabilities	E	CR xxx

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and the net fiscal agent cheque information from CRCD, the Department of Finance processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
21221 Interest due	A701 Interest on unmatured debt and other public debt costs	E	DR xxx
6B006 Payment control account	0000	E	CR xxx

10.8.5 Writing Off of Uncashed Cheques

Writing off of uncashed RG and DBA cheques issued more than 10 years ago results in the following transaction. (These cheques are written off by the RG and the related revenue belongs to the Department of Finance - Dept. 006.)

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
61006 Cash payment control account	0000	E	CR xxx

Depending on the currency of the accounts 66127, 67127 or 68127 could be used.

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and CRCD write-off information, the Department of Finance processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
61006 Cash payment control account	0000	E	DR xxx
42719 Miscellaneous	D349 Other non-tax revenue	E	CR xxx

Uncashed Canada Pension Plan (CPP) cheques

CPP cheques outstanding for 10 years are written off and the following entries are required. (These cheques are written off by the RG and the related credit belongs to HRSD (Dept. 014).

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11131 Outstanding payments	R300 Other assets/liabilities	E	DR xxx
61014 Cash payment control account	0000	E	CR xxx

HRSD processes the following transaction in its DFMS, on receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and CRCD write-off information:

DFMS recording (Dept. 014):

Financial Reporting Account	Authority Code	I/E	Amount
61014 Cash payment control account	0000	E	DR xxx
2211X Canada Pension Plan account	N210 Canada Pension Plan account	E	CR xxx

The X is used when a choice of FRAs is available. Departments will use the appropriate FRAs.

10.8.6 Reinstatement of Cheques after they are Written Off

To re-establish the accounting for cashed RG/DBA cheques, after they have been written off

RG cheques and DBA cheques could be cashed by the payee, subsequent to their having been written off. If this occurs, the cheques and accounting must be reinstated by the CRCD using the following entries:

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
61006 Cash payment control account	0000	E	DR xxx
11111 Cash on deposit in Canadian currency	R300 Other assets/liabilities	E	CR xxx

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and the information about the RG or DBA cheques that have been reinstated from the CRCD, the Department of Finance processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
42719 Miscellaneous	A122 Refunds of previous years revenue	E	DR xxx
61006 Cash payment control account	0000	E	CR xxx

If the cheque is cashed in the same fiscal year as it is written off, the authority code for the re-instatement debit would be D349. If written off in a subsequent fiscal year, the Authority code should be A122.

10.8.7 Interest and Premium/Discount on Foreign Exchange

Interest for term deposit representing underutilized funds earmarked for military purchases

Interest earned on term deposits is calculated daily by the RG. When the term deposit interest is received, the interest is transferred to the Department of Finance (Dept. 006).

Interest earned and received on temporarily underutilized funds for purchases of military equipment (earmarked for payment to the U.S. Government) is transferred to the Department of Finance.

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11111 Cash on deposit in Canadian currency	R300 Other assets/liabilities	E	DR xxx
62006 Cash deposit control account	0000	E	CR xxx

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and information from the BCMS, the Department of Finance processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
62006 Cash deposit control account	0000	E	DR xxx
42132 Interest on bank deposits	D141 Interest on bank deposits	E	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes.

Premium/discount/exchange on foreign bank accounts

Periodically, and at year end, the RG revalues the foreign bank accounts and the resulting premium/discount/exchange is transferred to the Department of Finance (Dept. 006). The following example shows the entries required where there is a premium.

RG-GL recording (Dept. 097) (IJV):

Financial Reporting Account	Authority Code	I/E	Amount
11114 Cash on deposit in foreign currencies	R300 Other assets/liabilities	E	DR xxx
69006 Cash deposit control account in foreign currencies	0000	E	CR xxx

On receipt of the RG-GL Daily Report of IJVs that reflects transactions affecting the control accounts and the information from the BCMS, the Department of Finance processes the following transaction:

DFMS recording (Dept. 006):

Financial Reporting Account	Authority Code	I/E	Amount
69006 Cash deposit control account in foreign currencies	0000	E	DR xxx
42133 Premium on foreign exchange	D133 Premiums, discounts and exchange	E	CR xxx

The X is used when a choice of authority codes is available. Departments will use the appropriate authority codes. The FRA used for discount during the year is 51711. At year end, the FRAs to be used are 51712 for discount and 42134 for premium are used.

10.9 DFMS CLOSING OF THE OLD YEAR FRAs AND THE NEW YEAR OPENING BALANCES

10.9.1 DFMS Closing of the Old Year FRAs

The revenues, expenses and payment, payroll, IS, DBA, and deposit control accounts, as well as 35ddd Organization Transfer Out/In and 36ddd Opening Balance Adjustments accounts are used during the fiscal year to record transactions that will ultimately affect the departmental net asset (liabilities) account or a restricted net asset account. **Following the end of each fiscal year, after the final trial balance has been submitted to CFMRS, the net balances from these accounts are converted into the new year opening balance for the departmental net asset (liabilities) account or a restricted net asset account.** Accordingly, the old year balances from the revenue and expense FRAs, as well as the payment, IS, DBA and deposit control accounts, are reflected in the new year opening balance for the departmental net asset (liabilities) account.

Several DFMSs have a process that automatically transfers the balances from the revenues and expenses FRAs and the payment, IS, DBA, and deposit control accounts into the departmental net asset (liabilities) account. Thus, the following is an example of an accounting entry that simulates the transfers of the balances from these accounts into the departmental net asset (liabilities) account:

Financial Reporting Accounts for Revenue and Expenses

Financial Reporting Account	Amount
42329 Other fees and charges	DR xxx
42319 Other fees and charges	DR xxx
32ddd Departmental net asset (liabilities) account	DR xxx
51732 Bad debts	CR xxx
51321 Operating expenses	CR xxx
51159 Other transfers to industry	CR xxx
51311 Salaries expense (incl. allowances)	CR xxx
51429 Other equipment including furniture	CR xxx
51312 Employer contribution costs	CR xxx

Financial Reporting Accounts for the Control Accounts

Financial Reporting Account	Amount
61ddd Cash payment control accounts	DR xxx
63ddd Payroll control accounts	DR xxx
65ddd IS credit control account	DR xxx
62ddd Cash for deposit control accounts	CR xxx
64ddd IS debit control accounts	CR xxx
32ddd Departmental net asset (liabilities) account	CR xxx

The d would be substituted by the applicable department number.

After the foregoing entries, the old year FRA balances for asset, liability and the departmental net asset (liabilities) account or a restricted net asset account will be reflected in the opening balance of the corresponding new year FRAs.

10.9.2 Carry forward of the Old Year Balances to the New Year Using the FRAs

The new year opening balances for FRAs will be the old year closing balances for the assets and liabilities. For the the departmental net asset (liabilities) account or a restricted net asset account, the new year opening balance will consist of the old year closing balance plus the closing balances from the nominal accounts.

The nominal accounts consist of revenue, expense and the payment, payroll, IS, DBA, and deposit control FRAs, as well as 35ddd Organization Transfer Out/In and 36ddd Opening Balance Adjustments accounts; thus the new year opening balances are zero, since the old year closing balances for these accounts are carried forward in the departmental net asset (liabilities) account or a restricted net asset account.

Departments are responsible for the new year input into their DFMS of the opening balances for assets, liabilities and the departmental net asset (liabilities) account or restricted net asset account that relate to the government-wide FRAs. **Once the old year is finalized, the opening balance figures (assets, liabilities and the departmental net asset (liabilities) account or restricted net asset account) must be in agreement with the relevant old year FRA amounts included in the department's final Period 12 CFMRS trial balance (as certified by the Senior Full-time Financial Officer (SFFO)) and used in the *Public Accounts of Canada*.** If there is any question as to the validity of any of the opening balance amounts, the department should contact the Chief, Quality Assurance Section at (819) 956-1844.

All the fields of the government-wide coding block, for the opening balance lines in the department's new year trial balance forwarded to the CFMRS, will be zero filled, except for the department number, FRA and I/E indicator (which will use "E" for all entries). For example:

Dept.	Financial Reporting Account	Auth.	Activity	Object	Ind.	Amount
ddd	11221 Accounts receivable - non-tax revenue	0000	00000	0000	E	DR xxx
ddd	11229 Allowance doubtful accts.	0000	00000	0000	E	CR xxx
ddd	11242 Other receivables from OGD	0000	00000	0000	E	DR xxx
ddd	13314 Accountable advances	0000	00000	0000	E	DR xxx
ddd	13319 Other loans & advances to employees	0000	00000	0000	E	DR xxx
ddd	13392 GST refundable advance accounts	0000	00000	0000	E	DR xxx
ddd	14110 Prepaid expenses	0000	00000	0000	E	DR xxx
ddd	21111 Accounts payable ongoing	0000	00000	0000	E	CR xxx
ddd	21112 Accrued salaries & wages	0000	00000	0000	E	CR xxx
ddd	21132 Other payables to OGD	0000	00000	0000	E	CR xxx
ddd	21134 GST (including HST) payable to CRA	0000	0000	0000	E	CR xxx
ddd	21411 Allowance for vacation pay	0000	00000	0000	E	CR xxx
ddd	32ddd Departmental net asset (liabilities) account	0000	00000	0000	E	DR xxx

The d would be substituted by the applicable department number.

INDEX OF EXAMPLES IN ALPHABETICAL ORDER

INDEX OF EXAMPLES IN ALPHABETICAL ORDER (cont'd)

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Appendix A

Questioning an IS involving two Departments

</div>

1. INTRODUCTION

This appendix provides sample accounting entries when dealing with the questioning of an IS in SPS. Please note that the accounting entries that will apply in the department's DFMS may legitimately vary from what is provided here.

Chapter 12 of this manual entitled "Interdepartmental Settlement (IS) Processing", located at the following URL: http://publiservice.pwgsc.gc.ca/rg/text/recgen-e.html, provides additional details on the processing related to the questioning of an IS. Chapter 12 also provides the following definition of a questioned IS:

2. DEFINITION

QUESTIONED IS: An IS Request which is questioned in SPS, is one which has already been successfully processed and reported to the RG-GL. The questioning of an IS Request is, in effect, a cancellation, i.e. an exact reversal of the original IS Request to which it is linked. Both departments involved are informed by SPS of the questioning via the receipt of an IS Return/Notification file.

3. GENERAL BACKGROUND

3.1 Rules related to IS Questioning

In summary, some of the key rules related to IS questioning in Chapter 12 are as follows:

- IS questioning can only occur in the same fiscal year in which the IS is being processed; and,
- IS questioning can occur in one of two ways:
  - Automatic SPS IS Questioning Method
  - *Selective IS Questioning Method.

*Before questioning an IS Request in SPS, **departments are strongly encouraged to first contact the partnering department** of the problem IS Request in order to identify possible alternatives and agree upon a satisfactory resolution.

3.2 IS Initiation in SPS

In most cases, for IS transactions processed between two departments, the creditor department will initiate the IS to SPS and the debtor department will be the IS recipient. The related business cases are identified in Chapter 12 of this manual, **Section 12.10, Initiation of an IS Request**.

However, in the less frequent cases where the debtor department will initiate the IS to SPS, the creditor department will be the IS recipient. The related business cases are identified in Chapter 12, **Section 12.10, Initiation of an IS Request**.

In either case, the accounting entries recorded in the RG-GL and in the two partnering departments' respective DFMS will be similar. **Both** the original IS, which is questioned, and the reversal IS that is created and processed in SPS as a result of the questioning action, must be recorded in each partnering department's DFMS, since separate accounting entries for both of these ISs will be recorded in the RG-GL. The accounting in the RG-GL for the original and the reversal IS will usually occur on **different** dates, possibly even months apart.

4. EXAMPLES OF THE ACCOUNTING ENTRIES IN EACH DEPARTMENT'S DFMS AND IN THE RG-GL

It is important to point out that the accounting entries provided in the examples below reflect an approach wherein the department initiating an IS to SPS will update the **IS-Initiator-In-Transit** account in its DFMS until such time as a record is provided back to the department on an SPS IS Return/Notification file, indicating that the SPS has processed the IS. The IS initiator department's DFMS will match (in a DFMS reconciliation process) the record in the SPS IS Return/Notification file to the IS it initiated in SPS. Where a match is found, an accounting entry will be made that clears the IS-Initiator-In-Transit account and debits the IS Debit Control account or credits the IS Credit Control account, as appropriate.

Accounting Example Qualification: Not all DFMS cluster software will work in the same way. In some cases, the DFMS will update its IS Debit Control or Credit Control account **earlier** than what is shown in the accounting examples that follow, i.e. when it forwards the IS Request to SPS. In other cases, the DFMS will only update the IS Debit Control or Credit Control account **later** than what is shown in the accounting examples that follow, i.e. once there has been a reconciliation between the DFMS records for ISs initiated in SPS and the control data file (and/or report) provided to the DFMS by the RG-GL.

4.1 Accounting where creditor department initiated IS to SPS

In fiscal year X, the creditor department A raises a creditor IS in SPS. In the same fiscal year, the recipient debtor department B goes on-line into SPS and questions the IS. The SPS will create and process a **negative** **creditor IS**.

DFMS of Creditor Department A - Dept. number aaa:

(1) Based on the original creditor IS raised by Dept. A:

		FRA	**OBJ**		
DR	IS Credits in Transit to the RG (I)	11245	xxxx	$xx	
CR	Other Receivables from OGD (I)	11242	xxxx		$xx

(2) Based on the receipt and reconciliation in the DFMS of the related record in the IS Return/Notification file with the original creditor initiated IS:

		FRA	**OBJ**		
DR	IS Debit Control (I)	64aaa	9bbb	$xx	
CR	Creditor Initiated IS-In-Transit to RG (I)	21135	xxxx		$xx

(3) Based on the receipt of a record in the IS Return/Notification file, related to the **negative creditor IS** that SPS created and processed, as a result of the Debtor department having questioned the original creditor IS:

		FRA	**OBJ**		
DR	Other Receivables from OGD (I)	11242	xxxx	$xx	
CR	IS Debit Control (I)	64aaa	9bbb		$xx

RG-GL (Dept. 097):

(1) Based on SPS fully processing the original creditor IS:

		FRA	**OBJ**		
DR	IS Credit Control (I)	65bbb	9aaa	$xx	
CR	IS Debit Control (I)	64aaa	9bbb		$xx

(2) Based on SPS having created and processed a **negative creditor IS**, as a result of the original creditor IS having been questioned:

		FRA	**OBJ**		
DR	IS Debit Control (I)	64aaa	9bbb	$xx	
CR	IS Credit Control (I)	65bbb	9aaa		$xx

DFMS of Debtor Department B - Dept. number bbb:

(1) Based on the receipt of a record in the SPS IS Return/Notification file, relating to the original creditor IS raised by Dept. A:

		FRA	OBJ		
DR	Unmatched IS Receipts[1] (I)	xxxxx	xxxx	$xx	
CR	IS Credit Control (I)	65bbb	9aaa		$xx

[1] May be A/P-OGD if the DFMS can match it to an open invoice.

(2) Based on the receipt of a record in the SPS IS Return/Notification file, relating to the **negative creditor IS** that SPS has created and processed as a result of the original creditor IS being questioned:

		FRA	OBJ		
DR	IS Credit Control (I)	65bbb	9aaa	$xx	
CR	Unmatched IS Receipts[1] (I)	xxxxx	xxxx		$xx

[1] May be A/P-OGD if the DFMS can match the original IS to an open invoice.

NOTE: The equivalent accounting, as identified above, would also be expected in the three financial systems where SPS creates a **negative creditor IS**, since the IS amount exceeded the maximum SPS IS limit amount and the recipient debtor department did **not** approve it within the number of business days permitted by SPS.

4.2 Accounting for debtor department initiated IS to SPS

In fiscal year X, debtor department A raises a debtor IS to SPS. In the same fiscal year, the recipient creditor department B goes on-line into SPS and questions the IS. The SPS will create and process a **negative debtor IS**.

DFMS of Debtor Department A - Dept. number aaa:

(1) Based on the original debtor IS raised by Dept. A:

		FRA	OBJ		
DR	Other Payables to OGD (I)	21132	xxxx	$xx	
CR	IS Debits in Transit to the RG (I)	21135	xxxx		$xx

(2) Based on the receipt and reconciliation in the DFMS of a record in the IS Return/Notification file, related to the original debtor IS:

		FRA	**OBJ**		
DR	IS Debits in Transit to the RG (I)	21135	xxxx	$xx	
CR	IS Credit Control (I)	65aaa	9bbb		$xx

(3) Based on the receipt of a record in the IS Return/Notification file related to the **negative debtor IS** created as a result of the Creditor department having questioned the original IS:

		FRA	**OBJ**		
DR	IS Credit Control (I)	65aaa	9bbb	$xx	
CR	Other Payables to OGD (I)	21132	xxxx		$xx

RG-GL (Dept. 097):

(1) Based on SPS having fully processed the original debtor IS:

		FRA	**OBJ**		
DR	IS Credit Control (I)	65aaa	9bbb	$xx	
CR	IS Debit Control (I)	64bbb	9aaa		$xx

(2) Based on SPS having created and processed the **negative debtor IS**, as a result of the original debtor IS having been questioned:

		FRA	**OBJ**		
CR	IS Debit Control (I)	64bbb	9aaa	$xx	
DR	IS Credit Control (I)	65aaa	9bbb		$xx

DFMS of Creditor Department B - Dept. Number bbb:

(1) Based on the receipt of a record in the SPS IS Return/Notification file, relating to the original debtor IS raised by Dept. A:

		FRA	**OBJ**		
DR	IS Debit Control (I)	64bbb	9aaa	$xx	
CR	Unmatched IS Receipts (I)	xxxxx	xxxx		$xx

(2) Based on the receipt of a record in the SPS IS Return/Notification file, relating to the **negative** **debtor IS** that SPS will have created and processed as a result of the original debtor IS having been questioned:

		FRA	**OBJ**		
DR	Unmatched IS Receipts (I)	xxxxx	xxxx	$xx	
CR	IS Debit Control (I)	64bbb	9aaa		$xx

NOTE: The equivalent accounting, as identified above, would also be expected in the three financial systems where SPS creates a **negative** **debtor IS**, since the IS amount exceeded the maximum SPS IS limit amount and the recipient creditor department did **not** approve it within the number of business days permitted by SPS.