



Receiver General Manual

Chapter 12 (Revision No. 1)

Interdepartmental Settlement (IS) Processing

Last Update: 2002-06-28

Aussi disponible en français

**Receiver General Manual (RGM) - Chapter 12
Version Tracking Summary Table**

	Version	Date	Summary of Significant Changes
2.	Revision No. 1	2002-06-28	<p>This chapter has been revised and is being reissued as Revision No. 1 which replaces the initial version. Significant changes and additions have been identified by barring in the left-hand margin. Some text was also deleted.</p> <p>The following content changes have been made:</p> <ol style="list-style-type: none"> 1) The references to FIS, FIS Transition period, etc., have been removed. 2) In Section 12.1, the <u>Important notice</u> has been deleted. 3) In subsection 12.1.1.1, the roles and responsibilities of the IS Coordinator have been deleted. The section has been renamed: IS Coordinator and Org/Ref codes. 4) The following subsections have been deleted: 12.2.1.1.2, 12.4.1, 12.6.2, 12.7.1.1.1. 5) In Section 12.3, certain definitions have been deleted. 6) In subsection 12.6.1 and Section 12.9, the departmental process details, relative to non-FIS partnering departments, have been deleted. 7) In Section 12.10, Initiation of an IS Request, the following two additions have been made: <ol style="list-style-type: none"> 10. GST RAA settlements to be raised by the creditor department with CCRA (Dept. 122) as the partnering department. 12. For EI and CPP premiums: <ol style="list-style-type: none"> (1) HRDC should raise the creditor IS to SPS with CCRA (Dept. 122), for regular periodic amounts based on the annual estimate. (2) CCRA should raise the debtor or creditor IS to SPS for final fiscal year adjustment.
1.	Chapter 12 (initial)	2001-05-25	First version posted.

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12.1 INTRODUCTION

12.1.1 Content and Objectives

This chapter contains information to assist departments in the processing of Interdepartmental Settlement (IS) Requests.

The objectives being pursued through this Receiver General Manual (RGM) chapter are to provide:

- Information on IS processing and the related new or changed policies, the Account Balance Concept, the FIS Control Framework and the Receiver General (RG) Control Framework.
- Guidance to departments in defining the appropriate IS transaction initiator.
- Guidance to departments in understanding the general rules and exceptions pertaining to defining the initiator of IS transactions.
- For the year end processing of IS Requests, procedures and rules that affect specifically the Central Accounts of Canada and the Reciprocal Departmental Control Accounts.
- Corrective actions that can be applied to IS Requests in the course of the same fiscal year in which they were initiated. The departmental procedures are highlighted in bold characters.
- In Appendix A, an example of accounting entries: Creditor Department to Debtor Department; and in Appendix B, a list of various Universal Resource Locator (URL) addresses, which are referred to throughout this chapter.

12.1.1.1 IS Coordinators and Organization/Reference (Org/Ref) Codes

A list of departmental IS Coordinators and Org/Ref code definitions is available on the Receiver General (RG) Publiservice website at the URL address shown in Appendix B.

12.1.1.2 Inquiries

Inquiries concerning the content should be directed to your departmental headquarters. For further details and specific questions, departmental headquarters should contact:

Manager, Receiver General-General Ledger Division
Central Accounting Systems Directorate
Central Accounting and Reporting Sector
Place du Portage
Phase III, Core 13A1
11 Laurier Street
Hull, Quebec K1A 0S5

Mailing Address: Ottawa, Canada K1A 0S5
Tel.: (819) 956-2847 Fax: (819) 956-8400

or

Financial Analyst, Receiver General/General Ledger Division
Central Accounting Systems Directorate
Central Accounting and Reporting Sector
Place du Portage
Phase III, Core 13A1
11 Laurier Street
Hull, Quebec K1A 0S5

Mailing Address: Ottawa, Canada K1A 0S5
Tel.: (819) 956-2866 Fax: (819) 956-8400

12.2 PROCESS OVERVIEW

For the processing of the IS Requests, refer to Section 12.10, Initiation of an IS Request. Also refer to the Treasury Board Secretariat (TBS) Policy on Interdepartmental Settlements, accessible via the TBS Publiservice website at the URL address shown in Appendix B, as well as subsection 12.6.1.4, Disputes.

Note: the TBS Policy on Interdepartmental Settlements is currently under review.

12.2.1 Process

As a general rule, the creditor department will initiate the IS Request. Refer to Section 12.10, Initiation of an IS Request, for a list of creditor initiated and debtor initiated transactions.

On a daily basis, the Standard Payment System (SPS) will update its database, create for both partnering departments IS notification information in the form of an IS Return/Notification file, and generate the IS Control Account information required to update the Receiver General-General Ledger (RG-GL) system.

Both partnering departments will update their respective Departmental Financial Management System (DFMS). Both partnering departments will reconcile their control account balances with the control data provided daily by the Receiver General.

At month end, the Receiver General from the RG-GL, and both partnering departments from their DFMS, will submit their monthly trial balance inclusive of the IS Control Accounts balances to the PWGSC Central Financial and Management Reporting System (CFMRS). The matching (comparison) by the CFMRS of the RG-GL Central Control Account balances, to those submitted by the departments, will validate and confirm the accuracy of the control accounts contained in the departmental monthly trial balance.

12.2.1.1 Coding for Internal/External Transactions

An internal/external (I/E) indicator, which identifies whether the transaction is with another federal government entity (i.e., internal) or with an outside organization (i.e., external), is mandatory. The departmental trial balance transmitted to the CFMRS is structured in accordance with government-wide coding. The last field of the coding block identifies transactions as either internal (I) or external (E) and is an integral component in the elimination of internal activity when the Receiver General prepares the consolidated financial statements for the Government of Canada.

The internal indicator is used for:

- Internal revenues and expenses
- Internal payables and receivables
- Physical assets and any other balance sheet items that are transferred between departments to ensure that the item is reported by only one department.

It was decided that the identification of internal/external transactions should be automated to minimize manual intervention and to lessen the need for several departmental employees to spend time analysing and making decisions on the nature of the transactions processed as an IS Request. As a result, all IS Requests processed are always identified as internal (I).

For more information on the internal/external indicator and the government-wide coding structure, refer to the RGM Chapter 3, “Overview of the FIS Set of Applications”, available on the RG Publiservice website at the URL address in Appendix B.

12.3 KEY DEFINITIONS

The following definitions are key words and acronyms used in describing the IS process. Each key word and acronym are accompanied by the French equivalent in brackets for ease of cross-referencing.

BULK INPUT FILE (SAISIE GLOBALE): Departments can input numerous transactions to the SPS through the use of a Bulk Input File. When IS transactions are processed through a Bulk Input File, the initiator submits two files, the SPS generic **IS Input file** which contains the IS details, and the generic SPS **Control file**, which contains the high level requisition information including electronic authorization. The control file triggers the auto load process, which initiates the edit and load of the IS details to the SPS system.

CDO (BMC): Client Departmental Office (CDO) code is a four character code used in SPS as a means of identifying typically where the *Financial Administration Act* (FAA) Section 33 signing authority resides. This code is the equivalent of Departmental Accounting Office (DAO) code.

CFMRS (SCGRF): The Central Financial Management Reporting System (CFMRS) is a central system within the suite of PWGSC central systems. The CFMRS contains departmental account balances at the level of the new government-wide coding structure. The CFMRS was implemented April 1, 1999.

CREDITOR DEPARTMENT (MINISTÈRE CRÉANCIER): The selling or invoicing department for transactions involving the sale or transfer of goods or services; the department to which funds are owed or to be advanced.

DAO (BCM): Departmental Accounting Office (DAO) code is a four character code used as a method of distribution for financial data within a department. SPS refers to the Client Departmental Office (CDO) which is the equivalent of Departmental Accounting Office (DAO).

DEBTOR DEPARTMENT (MINISTÈRE DÉBITEUR): The purchasing or paying department for transactions involving the sale of goods or services; the department that owes or is to advance funds to another department.

INITIATOR (ÉMETTEUR): The Interdepartmental Settlement (IS) initiator will be the first department of two partnering departments to action the interdepartmental settlement process in the SPS.

INTERDEPARTMENTAL SETTLEMENT (IS) (RÈGLEMENT INTERMINISTÉRIEL (RI)): An Interdepartmental Settlement (IS) refers to a transfer of funds between any two departments or agencies that operate within the Consolidated Revenue Fund. Some of these IS are for the purpose of settling for the transfer of goods or services, funding of a department to operate a program on behalf of another department, or the transfer of employee payroll deductions to the Canada Customs and Revenue Agency, or for employees transferred or loaned to another department.

INTERNAL JOURNAL VOUCHER (IJV) (PIÈCE DE JOURNAL INTERNE (PJI)):

Those transactions relate specifically to interdepartmental transactions that involve outside parties, hence they are external (E) in their accounting nature and cannot readily be processed by departments in SPS as an IS Request, since the SPS identifies all IS transactions as internal (I). The Receiver General uses the IJVs to effect the required adjustments to the RG-GL central control accounts and the departments use the IJV to update their DFMS and corresponding departmental control account.

INTRADPARTMENTAL SETTLEMENTS (RÈGLEMENTS INTRAMINISTÉRIELS):

An intradepartmental settlement refers to a transfer of funds between organizations that operate and are part of the same department. A department cannot use the SPS to settle intradepartmental transactions.

IS REFERENCE NUMBER (ISRN) (NUMÉRO DE RÉFÉRENCE DU RI (NRR)): The IS Reference Number is a unique number assigned by the SPS to an interdepartmental settlement at the level of each applicable Customer Invoice or Account Payable. The ISRN is contained on the IS Return/Notification file.

IS REQUEST (DEMANDE DE RI): An IS REQUEST refers to an Interdepartmental Settlement (see the definition above) between two departments, which is fed by the IS initiator department.

IS REQUISITION NUMBER (NUMÉRO DE DEMANDE DE RI): The IS requisition number is a unique number that the initiator assigns to an IS requisition. It is used in SPS as part of the edit process, to ensure that all attributes contained in the requisition are valid. The recommended format of the requisition number is as follows: The first three digits identify the Client department identification, the next four digits identify the client departmental accounting office (**CDO the equivalent of DAO**), two digits for the fiscal year, two digits for the fiscal month, and the last four digits for a sequential number assigned by the department.

IS RETURN/NOTIFICATION FILE (FICHIER DE RETOUR/AVIS DE RI): The IS Return/Notification file is an electronic file of the IS Requests processed in SPS. This file is produced by SPS for both the IS initiator and the recipient departments. The file will contain the IS reference number (ISRN), status code, amount, recipient name and address, along with other related information.

QUESTIONED IS (RI CONTESTÉ): 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 are informed by SPS of the questioning via the receipt of the IS Return/Notification file.

QUESTIONED IS REQUISITION NUMBER (NUMÉRO DE DEMANDE DE RI CONTESTÉ): A Questioned IS Requisition Number is created by the SPS when the IS Request is processed but is subsequently questioned by either the initiator department or the recipient department. Also, the SPS will create a Questioned IS Requisition Number for the original IS Request, which exceeds the maximum allowable IS amount of the recipient department and a full fifteen (15) working days has passed after the process date of the original IS, but the recipient department has **not** “approved” the IS. The action of “questioning an IS ” will result in the creation of an IS transaction opposite to the original IS Request and the reporting of related control data to the RG-GL and to both departments. The format of the Questioned Requisition Number is as follows: the first three digits identify the Client department, the next four digits identify the client departmental accounting office, two digits for the fiscal year, two digits for the fiscal month, the letter **Q**, the last three digits are a sequential number assigned by SPS.

RECIPIENT (DESTINATAIRE): The recipient department is the department who receives the IS Return/Notification file from SPS.

RECIPIENT DEPARTMENT NUMBER (NUMÉRO DU MINISTÈRE DESTINATAIRE): The department code is a three-digit identifier that is used in the government-wide Chart of Accounts. It is used to identify the partnering recipient department involved in an IS Request.

RECIPIENT ORGANIZATION CODE (CODE DE L'ORGANISME DESTINATAIRE): This is also referred to as the **IS Organization Code (IS ORG)**. This code, supplied by the partnering department to the IS initiator department, identifies a specific organization within the IS recipient department, associated with the IS transaction. The maximum length for this field is sixteen characters (16). This field is often used to identify the DAO or the responsibility code number.

RECIPIENT REFERENCE CODE (CODE DE RÉFÉRENCE DU DESTINATAIRE): This is also referred to as the **IS Reference Code (IS REF)**. The partnering department provides up to 20 characters identifier to the IS Initiator department. It can be an invoice number, commitment number, contract number, Responsibility Centre code, Financial Coding Block, etc.

RG-GL (GLG-RG): Receiver General-General Ledger (RG-GL) is one of the central systems. It is managed by Public Works and Government Services Canada (PWGSC), using the Common Departmental Financial System (CDFS). The RG-GL maintains control account balances for all payments, interdepartmental settlement (IS) transactions and deposits processed by the Treasury Systems for all departments. The RG-GL also serves as the repository for the Receiver General (department 097) accounting transactions.

STANDARD PAYMENT SYSTEM (SYSTÈME NORMALISÉ DES PAIEMENTS): The Standard Payment System (SPS) is a PWGSC central system. It was implemented prior to the FIS implementation to replace the General Accounts Payments System and other payment systems. Transactions between departments, including the vast majority of settlements between departments, are handled by the new SPS, where either creditor or debtor departments are able to initiate IS Requests. Departments submit their authorized IS Requests to SPS using on-line input screens or in the SPS generic electronic IS file format. The SPS has an IS functionality which enables interdepartmental settlements, including the production of the IS Return/Notification files to both departments and providing IS control data to the RG-GL system. Control data is also provided to the RG-GL with regards to Departmental Bank Accounts (DBA), on the basis of data provided by the departments to SPS.

12.4 GUIDELINES ON TRANSACTION INITIATION

As a general rule, interdepartmental settlements are to be initiated by the creditor (payee) department. For some types of IS Requests, initiation by the creditor (payee) department is not feasible because, only the debtor department (payer) knows the amount involved. These IS Request types should be initiated by the debtor department. In exceptional cases, where either the debtor or creditor could initiate the IS Request, the parties involved should mutually decide on the IS initiator.

Refer to Section 12.10, Initiation of an IS Request, for the list of IS Requests that are:

- (a) initiated by the creditor department; the general rule,
- (b) initiated by the debtor department; an exception, and,
- (c) initiated by either the creditor or the debtor department; consultation and agreement between the trading partners is required before proceeding with the initiation of the IS Request.

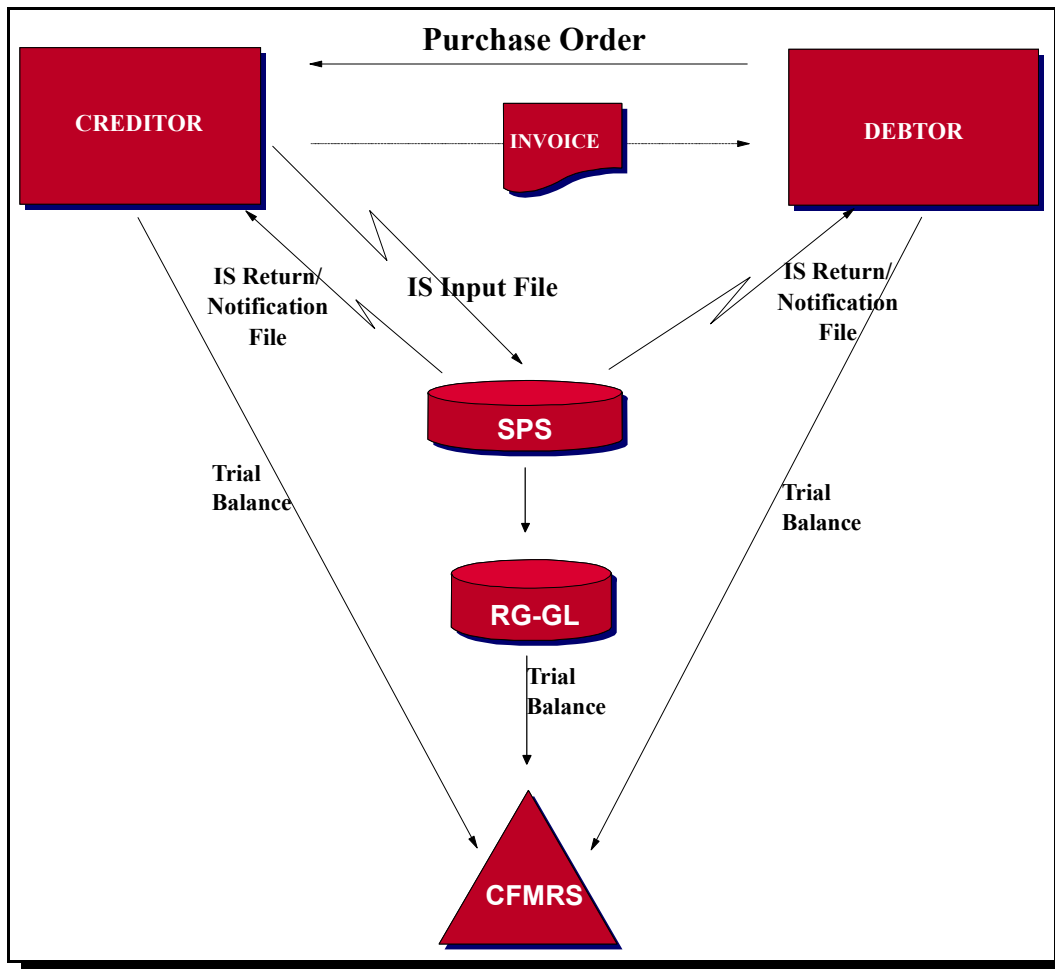
12.5 DEPARTMENT NUMBERS

Refer to the RGM Appendix 4, “List of Department Numbers”, available on the RG Publiservice website at the URL address in Appendix B.

12.6 PROCEDURES

Following are the procedures pertaining to the transactions listed in Section 12.10, Initiation of an IS Request.

The following data flow diagram depicts the flow of documents and data between the partnering departments and the various systems.



SPS (SNP) - Standard Payment System
 RG-GL (GLG-RG) - Receiver General - General Ledger
 CFMRS (SCGRF) - Central Financial Management Reporting System

Each acronym is followed by the French equivalent in brackets for ease of cross-referencing.

12.6.1 Processing IS Requests

- (a) Requires two partnering departments, and neither one of them is the Receiver General (department 097). However, the IS Process must not be used to process Intradepartmental Settlements, (i.e., financial transactions entirely within the same department, such as: the transfer of employee salary charges from one organization to another, distribution of monies recorded in suspense accounts to specific accounts. Intradepartmental settlements will be handled by some departments through the use of their Departmental Financial Management System's (DFMS) integrated functionalities, i.e. recording into their A/P or A/R modules which subsequently and automatically affect their General Ledger (GL) accounts, and, by some other departments through the use of their GL internal journal voucher feature to affect accounts directly.
- (b) All IS Requests are automatically identified as being internal (I), which was deemed as the correct outcome for the vast majority of the volume of IS Requests, which are settlements for trade transactions. For more information on the internal/external indicator, refer to the RGM Chapter 3, "Overview of the FIS Set of Applications", available on the RG Publiservice website at the URL address in Appendix B.
- (c) As a general rule, IS Requests are to be initiated by the creditor (payee) department. For more information about determining the initiator, refer to Section 12.10, Initiation of an IS Request.

12.6.1.1 Process Description

Throughout the following text, the procedures to be followed by departments are highlighted in bold characters.

Determine which of the trading partners is the initiator of the settlement process.

To achieve this, refer to Section 12.10, Initiation of an IS Request. This section lists those IS Requests that are to be initiated by the creditor department, by the debtor department and those that can be initiated by either the debtor or creditor department.

The Initiator enters an IS Request by sending the transaction details to the SPS.

Note: The initiator can be either the creditor department as per the general rule or the debtor department as an exception.

On a daily basis, the SPS performs edits on the IS Requests received and those that pass the edits are loaded into the SPS database with a status of "Ready for Extract". The SPS process assigns an IS Reference Number (ISRN) and notifies both the initiator and the recipient departments of the IS Request and details through the IS Return/Notification file.

If the IS Request amount exceeds the maximum allowable IS amount set in the recipient department profile, SPS will automatically load such IS Requests in the SPS database with a status of “Pending Approval”. This may lead to the automated (system generated) Questioning of the IS Request. The topic of Questioning an IS Request is covered under subsection 12.6.1.3, Questioning an IS Request.

For more information about the SPS IS Request functionality, refer to RGM Chapter 4 “Standard Payment System (SPS) and Departments”, available on the RG Publiservice website at the URL address in Appendix B.

Both the creditor and the debtor departments will update their DFMS.

SPS inquiry options

Throughout the settlement process, the SPS provides a complete range of inquiry options to departments that have on-line access. Departments can inquire using the ISRN, assigned by the SPS, or by client reference code. Departments can also obtain a list of the IS requisitions input for their department and refer to the details associated with the requisitions including the range of ISRNs assigned. Refer to the RGM Chapter 4 “Standard Payment System (SPS) and Departments”, available on the RG Publiservice website at the URL address in Appendix B.

Accounting perspective

To acquire an understanding of the accounting effect of the procedures to be followed as described above, within the departmental DFMSs and within the PWGSC central systems, refer to Appendix A. This appendix depicts the various accounting entries recorded during the processing of an IS Request.

12.6.1.2 Critical Data

The successful processing in the SPS is dependent upon the provision by the departments of certain data elements that are considered essential. These data elements are identified as “critical”:

Recipient Department ID
Recipient Org. Code (IS Org. Code)
Recipient Ref. Code (IS Ref. Code)

Care must be exercised to ensure that such critical data elements are present and accurate. Inaccuracies or omissions detected will cause the reject of the data once received by the partnering department.

12.6.1.3 Questioning an IS Request

As an introductory remark on the topic of Questioning an IS Request, it is important for departments to note that upon receipt of the IS Return/Notification file from SPS the departments **must** update their respective DFMS. The basic reason is because all original IS Requests and Questioned IS Requests are contained in the IS Return/Notification files of the two partnering departments, and form part of the related control data provided by SPS to the RG-GL. This SPS IS control data will result in postings to the IS Control Accounts that are maintained by the Receiver General. The control accounts maintained by the Receiver General in the RG-GL and the related control accounts maintained by the departments in their DFMS are reciprocal in nature and it is expected that postings in the RG-GL control accounts will have complementary postings in the DFMS control accounts. This agreement as to the reciprocal IS control account balances is checked in the CFMRS, when processing the trial balances of the RG-GL and the departments for a given accounting period.

Either the creditor or the debtor department, whether the department is the initiator or the recipient, can question individual IS requests at the level of the Interdepartmental Settlement Reference Number (ISRN), assigned by the SPS processing.

Questioning an IS Request in SPS is restricted to IS Requests processed in SPS during the current fiscal year. The SPS will generate and process a **new** IS Request, which has reversal information to the IS Request that is being questioned. The effect of this functionality is the reversal of the original IS Request and the related control information provided by the SPS to the RG-GL.

For example, an IS Request identified as processed in fiscal year 2001-2002 may only be questioned up to 11:59 p.m. March 28, 2002 which is the final SPS cut-off date for the original input and questioning of 2001-2002 fiscal year IS Requests in SPS. Input received by SPS as of April 1, 2002 or later must be identified as fiscal year 2002-2003 in the related Auto-Load Client Control file.

For information on the accounting in both partnering departments and in the RG-GL, that will apply for the original IS request and for the IS reversal request that SPS will generate, refer to the RGM Chapter 10, "Accounting Entries under Full FIS", available on the RG Publiservice website at the URL address in Appendix B.

The SPS supports two different methods for questioning an IS Request, namely the Selective IS Questioning Method and the Automatic SPS IS Questioning Method, which are explained below.

12.6.1.3.1 Selective IS Request Questioning Method

For the Selective IS Request Questioning Method, the departments use the SPS on-line functionality. SPS encourages departments to arrange for on-line access to SPS. For those departments that do not have on-line access, they will have to communicate with the SPS contact to action the questioning of an IS Request on their behalf. For more information on IS Requests and SPS, refer to the RGM Chapter 4, “Standard Payment System (SPS) and Departments”, available on the RG Publiservice website at the URL address in Appendix B.

Before questioning an IS Request

Before questioning an IS Request, **departments are strongly encouraged to first contact the partnering department** of the IS Request that will be questioned since other alternatives to resolve the problem may be agreed upon and selected. Should a situation arise where an agreement cannot be reached with regards to an amount in excess of \$100,000.00, refer to subsection 12.6.1.4, Disputes, for the procedures applicable to such disputes.

Creditor department IS Request with Incorrect Debtor department

A creditor department would normally, in agreement with the partnering department, use the SPS on-line functionality to access and question an IS Request previously processed where the incorrect recipient department was identified. This implies that the questioning will be followed by an agreed-upon additional corrective action, i.e. the raising by the creditor department of an IS with the correct debtor recipient. Refer to Section 12.9, Current Year Corrections.

Creditor department IS Request with a debtor department who is not in agreement with the amount

A creditor department would normally, in agreement with the partnering recipient debtor department, access and question an IS Request previously processed where the debtor is not in agreement with the IS Request amount. This implies that the questioning will be followed by an agreed upon corrective action, i.e. the issue by the creditor department of a corrected invoice and the raising of an IS in SPS for the correct amount. Refer to Section 12.9, Current Year Corrections.

Alternatively, the IS Recipient debtor department may agree not to have the IS questioned. The creditor department would initiate a creditor IS Request in SPS in the case of an under-settlement, or a debtor IS Request in SPS in the case of an over-settlement.

The SPS process provides the details of the IS Request, caused by questioning of the original IS, in the IS Return/Notification file sent to the partnering departments.

12.6.1.3.2 Automatic SPS IS Request Questioning Method

For a creditor initiated IS Request, in which the amount exceeds the recipient debtor department maximum amount limit as set and stored in an electronic SPS Profile file, the SPS process will record the IS Request in the SPS database with a temporary status of “Pending Approval”. If the recipient debtor fails, through the on-line facility, to “approve” the IS Request within **fifteen (15) working days** of the SPS assigned process date, the generation of an approved IS Request to reverse the original IS Request along with its related IS control data to RG-GL will take place.

The SPS process provides the details of the new IS Request to reverse the original IS Request in the IS Return/Notification file that is sent to both the initiator and the recipient departments which will update their respective DFMS accordingly.

Procedures applicable after the last working day in March of the Old Fiscal Year

After the last working day in March of the Old Fiscal Year, if there is a requirement to negate/reverse the accounting effect of an IS Request that was processed in the Old Year, the partnering departments will have to record an accrual entry in the old year. In the new year the asset and liability balance will need to be brought forward in the DFMS of the two departments. Refer to the RGM Chapter 14, “Year End Timetable and Procedures”, available on the RG Publiservice website at the URL address in Appendix B.

12.6.1.4 Disputes

Where a disagreement arises between departments as a result of an interdepartmental settlement or lack thereof, the departments are to resolve the difference in a reasonably timely manner.

Reasonableness depends to some degree on the amount in question, but it is expected that most differences should be resolved before the end of the next accounting period, or at the very latest, **prior to the end of the current fiscal year**.

Where the departments cannot come to an agreement, and the amount involved exceeds \$100,000.00, the Office of the Deputy Comptroller General of the TBS will provide a dispute resolution service.

The following procedures must be followed:

- (i) The departments involved are to provide written documentation of the dispute, including all relevant information and argumentation, to the Office of the Deputy Comptroller General. The documentation is to be signed by the Senior Financial Officer (SFO) of the departments involved. One jointly prepared document is preferred. If separate documents are submitted, each SFO must also send the documentation to the other SFO(s).
- (ii) The Office of the Deputy Comptroller General will review the documentation and, where necessary, convene a meeting of the Senior Financial Officers of the departments involved.
- (iii) The recommendations of the Office of the Deputy Comptroller General will be final. Any recommended action(s) must be taken by the department(s) involved before the end of the current accounting month.

12.6.1.4.1 Inquiries

Inquiries concerning the procedures described above should be directed to your departmental headquarters. For further details pertaining to the dispute service, departmental headquarters should contact:

Financial Management Policy Division
Comptroller Branch
Treasury Board of Canada Secretariat
L'Esplanade Laurier
300 Laurier Avenue West
Ottawa, Ontario, K1A 0R5

Telephone: (613) 957-7233

Facsimile: (613) 952-9613

E-mail address: dcg-scginformation@tbs-sct.gc.ca

12.6.1.5 Monitoring and Control by the Receiver General

To assume its role and responsibilities pertaining to the monitoring and control over the appropriate accounting and recording of all cash receipts and disbursements in the books of Canada, the Receiver General uses the RG-GL system. It receives financial data from the central Treasury systems and RG users for recording flows of public money and transactions related to the maintenance of the accounts of Canada.

The RG-GL receives, from the SPS, financial control data pertaining to IS Requests and uses this financial control data to generate and maintain IS Control Account balances. These IS Control Accounts balances are forwarded daily to the partnering departments, by the RG-GL, to enable the ongoing departmental verification of the related accounting within their respective DFMS.

The RG-GL forwards a monthly trial balance to CFMRS which includes the IS Control Account balances. After departments also submit their monthly trial balance, CFMRS ensures that both IS Control Account balances are in agreement. This monitoring and control process exercised by the Receiver General is explained in detail in the RGM Chapter 3, “Overview of the FIS Set of Applications”, Section 3.3, The FIS Account Balance Concept. Also refer to Chapter 7, “Receiver General-General Ledger (RG-GL)”. (Both RGM chapters are available on the RG Publiservice website at the URL address in Appendix B.)

12.7 PROCESSING EXCEPTIONS

There may be exceptions to the general rule in terms of the department initiating an IS Request in SPS.

12.7.1 List of Exceptions

All IS Requests initiated by a **debtor** department are considered exceptions. Section 12.10, Initiation of an IS Request, provides a list of those transactions.

All additional exceptions must be approved by the Receiver General prior to departments requesting settlement using a debtor initiated IS.

For information on exception debtor initiated IS requests, contact the RG-GL Division at (819) 956-2866 or (819) 956-2847.

12.7.1.1 Process

Exception to the General Rule

As a general rule, the creditor department initiates the IS Request.

Refer to Section 12.10, Initiation of an IS Request. A table depicts the IS Request that can be initiated by a creditor (the general rule), by a debtor (the exception) and by either department.

12.7.2 Process Description (for the exceptions)

Whether it is the creditor or the debtor department that initiates the IS Request in SPS, the SPS process is not affected and neither are the subsequent procedures. Therefore, **the IS process described under Section 12.6.1 applies.**

12.8 YEAR-END PROCESSING

RGM Chapter 14 , “Year End Timetable and Procedures”, provides year end procedures concerning internal accounting and IS processing for the fiscal year specified. This chapter is available on the RG Publiservice website at the URL address in Appendix B.

12.9 CURRENT YEAR CORRECTIONS

This section covers those corrective actions that can be applied to IS Requests in the course of the same fiscal year in which they were initiated. The subsections contain the steps needed to effect these corrective actions. Duplication of the steps in each subsection is intentional to facilitate the use of individual sections. The two most common errors are settlement with an incorrect department, and settlement of an incorrect amount. There are special rules and procedures that apply at year end, which are covered in the RGM Chapter 14, “Year End Timetable and Procedures”, available on the RG Publiservice website at the URL address in Appendix B.

List of the most common types of errors when using SPS

The most frequent and common types of errors are being addressed in this section. For those error conditions not included in this list, assistance can be obtained by contacting officers of the Receiver General-General Ledger Division. For contact names and addresses, refer to subsection 12.6.1.5, Monitoring and Control by the Receiver General.

Types of errors when using the SPS:

A creditor department initiates original IS.

- A creditor department initiates an IS Request with an incorrect debtor department (Section 12.9.1).
- A creditor department initiates an IS Request with a debtor department for an incorrect amount (over-billing and over-settlement) (Section 12.9.2).

A debtor department initiates original IS.

- A debtor department initiates an IS Request with an incorrect creditor department (Section 12.9.3).
- A debtor department initiates an IS Request with a creditor department for an incorrect amount (over-settlement) (Section 12.9.4).

For the purpose of this section, error conditions have been detected and corrective actions are required on the part of the two partnering departments.

Following, for each of the scenarios described above, is a description of the corrective actions that are required.

General rule

When errors occur in the processing of IS Requests, the general rule is that the original IS Request will be questioned by the initiator and a new IS Request will be initiated. This is an approach considered sound for the sake of maintaining an appropriate audit trail.

Creditor department initiates original IS**12.9.1 A Creditor department initiates an IS Request with an Incorrect Debtor department****Initiator: Creditor department****Recipient: An incorrect Debtor department (the error)****Should be with: A correct Debtor department**Error detection

The error condition will be detected by either the initiator (creditor department) or the incorrect recipient (Incorrect debtor department).

Corrective actions specific to the creditor initiator (12.9.1)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Question the IS Request in SPS.
4. Update the DFMS. (Re: the debtor IS Request with the incorrect debtor)
5. Prepare and forward a new invoice to the correct debtor department.
6. Initiate a new IS Request with the correct debtor department.
7. Update its DFMS. (Re: the creditor IS Request with the correct debtor)
8. The creditor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
9. At month end, the creditor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Corrective actions specific to the incorrect debtor department (12.9.1)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Update its DFMS. (Re: the incorrect creditor IS)
4. Update its DFMS. (Re: to reverse the incorrect creditor IS)
5. The incorrect debtor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
6. At month end, the incorrect debtor department, will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Actions specific to the correct debtor (12.9.1)

1. Update its DFMS.
2. The correct debtor department, will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
3. At month end, the correct debtor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

12.9.2 A Creditor department initiates an IS Request with a Debtor department for an Incorrect Amount (over-billing and over-settlement)**Initiator: Creditor department****Recipient: Debtor department****For an incorrect amount (over-billing and over-settlement)**

Options: Two options can be considered for this case namely: the use of the SPS “Questioning functionality” to exercise a complete reversal of the original IS Request in conjunction with the raising by the creditor department of a new IS Request for the correct amount or, the issuance of a credit note for the difference in the amount in conjunction with the raising by the creditor department of a debtor IS Request for the difference in the amount.

Option # 1 (Use of the SPS “Questioning functionality”)**Error detection**

The error condition will be detected by either the initiator (creditor department) or the recipient (debtor department).

Corrective actions specific to the creditor initiator for Option #1 (12.9.2)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Question the original IS Request.
4. Update its DFMS. (Re: the questioned IS Request)
5. Initiate a new IS Request for the correct amount.
6. The creditor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
7. At month end, the creditor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Corrective actions specific to the debtor for Option #1 (12.9.2)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Update its DFMS. (Re: the questioned IS Request)
4. Update its DFMS. (Re: the new IS Request)
5. The debtor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Account in the DFMS.
6. At month end, the debtor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Option # 2 (Issue of Credit Note and use of a Debtor IS Request)**Corrective actions specific to the creditor initiator for Option #2 (12.9.2)**

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Issue a credit note for the difference in the amount.
4. Initiate a debtor IS Request for the difference in the amount.
5. Update its DFMS. (Re: the Debtor IS Request for the difference in the amount)
6. The creditor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Account in the DFMS.
7. At month end, the creditor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Corrective actions specific to the debtor for Option #2 (12.9.2)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Update its DFMS. (Re: the adjustment debtor IS initiated by the creditor department)
4. Match and reconcile.
5. The debtor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
6. At month end, the debtor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

12.9.3 A Debtor department initiates an IS Request with an Incorrect Creditor department**Initiator: Debtor department****Recipient: An incorrect Creditor department (the error)****Should be with: A correct Creditor department****Error detection**

The error condition will be detected by either the initiator (debtor department) or the incorrect recipient (Incorrect creditor department).

Corrective actions specific to the debtor initiator department (12.9.3)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Question the original IS Request.
4. Update its DFMS. (Re: the questioned IS Request)
5. Initiate a new Debtor IS Request with the correct creditor department.
6. Update its DFMS. (Re: the new IS Request)
7. The debtor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
8. At month end, the debtor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Corrective actions specific to the incorrect creditor department (12.9.3)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Update its DFMS. (Original IS Request)
4. Update its DFMS. (Questioned IS Request)
5. The incorrect creditor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
6. At month end, the incorrect creditor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Actions specific to the correct creditor department (12.9.3)

1. Update its DFMS.
2. The correct creditor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
3. At month end, the correct creditor department, will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

12.9.4 A Debtor department initiates an IS Request with a Creditor department for an Incorrect Amount (over-settlement)**Initiator: Debtor department****Recipient: Creditor department****For an incorrect amount. (over-settlement)****Error detection**

The error condition will be detected by either the initiator (debtor department) or the recipient (creditor department).

Corrective actions specific to the debtor initiator (12.9.4)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Question the original IS Request.
4. Update its DFMS. (Re: the questioned IS Request)
5. Initiate a new IS Request for the correct amount.
6. Update its DFMS. (Re: the new IS Request)
7. The debtor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
8. At month end, the debtor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Corrective actions specific to the creditor (12.9.4)

1. Notify the relevant department with the details of the identified item.
2. Discuss and agree with the partnering department on the corrective actions to be taken.
3. Update its DFMS. (Re: the questioned IS Request)
4. Update its DFMS. (Re: the new IS Request)
5. The creditor department will use the control data provided by the Receiver General to verify the completeness of postings to its own IS Control Accounts in the DFMS.
6. At month end, the creditor department will forward its DFMS account balances (trial balance), inclusive of the IS Control Account balances, to the CFMRS.

Departments should refer to their DFMS manuals regarding the reconciliation, updates, etc. of SPS and RG-GL files.

Additional information on reconciliation can be found in the RGM Chapter 11, “Reconciliations Required by Departments under FIS”, available on the RG Publiservice website at the URL address in Appendix B.

12.10 INITIATION OF AN IS REQUEST

This section provides examples of IS transactions. It should be noted that not all transactions are listed.

Where there is a question as to which department should initiate the IS, departments must contact the RG-GL Division for a decision. For information refer to subsection 12.1.1.2, Inquiries.

If required the RG-GL Division, along with the Central and Public Accounts Reporting Directorate (CPARD), will invite representatives from the departments involved to discuss the situation and resolve which department will initiate the IS.

As a general rule, the creditor department will initiate the IS Request for the majority of IS transactions between departments, via the SPS on line facility or by Bulk Input file. Following is a list of creditor initiated IS Request examples.

A. Creditor Department Initiated IS Requests

1. Sales of goods and services between two departments.
2. Sales of goods and services between a department and a consolidated Special Purpose Account (SPA).
3. Salary adjustments between two departments.
4. Employer's share of statutory contributions to employee benefits plans remitted by departments to the Treasury Board Secretariat (TBS) for the estimated annual amount processed on a regular basis.
5. Employer/employee contributions recovered from TBS by Other Government Departments (OGD).
6. Interest on Public Debt paid to Specified Purpose Accounts (SPAs).
7. Debit memos increasing the amount owing by a debtor department.
8. Superannuation entries for interest on matching contributions.
9. Taxes, levies and Custom duties administered by the Canada Customs and Revenue Agency (CCRA).
10. GST Recoverable Advance Account (RAA) settlements between a department and Canada Customs and Revenue Agency (CCRA) (Dept. 122).

Some IS transactions, on an exception basis, will be initiated by the debtor department (payer) because only the debtor department knows the amount involved.

All debtor initiated IS Exception Requests must be approved by the Receiver General. Departments are not to request settlement using a debtor initiated IS prior to having received written authorization by the Receiver General.

For information refer to subsection 12.1.1.2, Inquiries.

B. Debtor Department Initiated IS Requests

Following is a list of exception debtor initiated IS request examples.

1. Goods and Services Tax (GST) collected and transferred to CCRA.
2. Advances to Other Government Departments (OGD).
3. Advances to OGD - repayment by OGD.
4. Credit memos decreasing the amount owing by a debtor department.
5. Disposal of Crown Assets.
6. Set-off of debts.
7. Employer's share of statutory contributions to employee benefits plans remitted by TBS to departments.
8. Income Tax and other deductions from Pension Payments remitted to OGD.
9. Interest payment by revolving fund on the draw down.
10. Non-tax revenue, tax deductions at source and other deductions transferred to OGD.
11. Excess of employer's share of statutory contributions to employee benefits plans remitted to TBS by departments.
12. Employment Insurance (EI) and Canada Pension Plan (CPP) premiums from CCRA to Human Resource Development Canada (HRDC).
 - HRDC will initiate regular periodic amounts based on the annual fiscal year estimates.
 - CCRA will initiate final adjustments for the fiscal year.
13. Transfers of funds between the Department of National Defence (DND), the Royal Canadian Mounted Police (RCMP), and the Superannuation Pension Plans.
14. Provincial Tax transfers from CCRA to Department of Finance.

C. Can Be Either Debtor or Creditor Department Initiated

1. Amortization of the actuarial adjustments to the Superannuation Account.
2. Revaluation of foreign currency assets and liabilities at year end.

When in doubt as to which of the trading partners should initiate the IS Request, departments must contact the RG-GL Division. Refer to subsection 12.1.1.2, Inquiries.

Appendix A

Example of Accounting Entries: Creditor Department to Debtor Department

Note: Departments use different Departmental Financial Management Systems (i.e. Oracle Financial, SAP, Free Balance, Common Departmental Financial System (CDFS) etc.) where the timing for recording and posting to the departmental GL may differ; thus the accounting entries depicted below may not coincide with the accounting entries used in your DFMS. Departments may have chosen to use suspense type accounts that identify the processing status of IS Requests.

For the purpose of the following example, it is assumed that the creditor department updates its DFMS when initiating an IS to SPS, and subsequently upon receipt of the IS Return/Notification file from SPS. The debtor department updates its DFMS upon receipt of an invoice and subsequently upon receipt of the IS Return/Notification file from SPS.

The creditor department, Canadian Transportation Agency (CTA) - Dept. 040, receives a purchase order from Public Service Staff Relations Board (PSSRB), provides the service, prepares and forwards an invoice to PSSRB - 058, initiates a creditor IS to SPS and updates its DFMS.

DFMS recording (CTA - 040):

11242(I)	DR Accounts Receivable-OGD (PSSRB - 058)	1,000	
42325(I)	CR Revenue		1,000

The debtor department, PSSRB - Dept. 058 receives an invoice for services rendered from the CTA - Dept. 040, updates its DFMS to record the accounts payable.

DFMS recording (PSSRB - 058):

51321(I)	DR Expense - OGD	1,000	
21111(I)	CR Accounts Payable-OGD (CTA - 040)		1,000

CTA - Dept. 040 receives from SPS an IS Return/Notification file and updates its DFMS for the IS processed.

DFMS recording (CTA - 040):

64040(I)	DR IS Debit Control Account	1,000	
11242(I)	CR Accounts Receivable-OGD (PSSRB - 058)		1,000

PSSRB - Dept. 058 receives from SPS an IS Return/Notification file and updates its DFMS for the IS processed.

DFMS recording (PSSRB - 058):

21111(I)	DR Accounts Payable-OGD (CTA - 040)	1,000	
65058(I)	CR IS Credit Control Account		1,000

Coincidental with the forwarding of the IS Return/Notification file to both the creditor and debtor departments, the SPS forwards IS control data to the RG-GL.

RG-GL recording (Dept. 097):

65058(I)	DR IS Credit Control Account (PSSRB - 058)	1,000	
64040(I)	CR IS Debit Control Account (CTA - 040)		1,000

At month end, both departments as well as the RG-GL will submit their trial balance to the CFMRS.

The CFMRS will perform validation edits on the departmental trial balances, one of which compares the balances of the departmental IS Control Accounts submitted by the departments to the central IS Control Accounts submitted by the RG-GL. If there is a difference between the departmental control accounts and the RG-GL control accounts, a Validation Error Report will be generated and the affected departments are notified.

Appendix B

Universal Resource Locator (URL) Addresses

Various information available on the Receiver General Publiservice website:

Receiver General Manual, Chapter 3

Overview of the FIS Set of Applications

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

Receiver General Manual, Chapter 4

Standard Payment System (SPS) and Departments

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

Receiver General Manual, Chapter 7

Receiver General-General Ledger (RG-GL)

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

Receiver General Manual, Chapter 10

Accounting Entries under Full FIS

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

Receiver General Manual, Chapter 11

Reconciliations Required by Departments under FIS

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

Receiver General Manual, Chapter 14

Year-End Timetable and Procedures

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

Receiver General Manual, Appendix 4

List of Department Numbers

<http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html>

IS Processing Guide and List of Departmental IS Coordinators and Org/Ref Code Definitions

<http://publiservice.pwgsc.gc.ca/cars-sccr/is/welcome-e.html>

Information available on the Treasury Board Secretariat Publiservice website:

Treasury Board Secretariat of Canada

Policy on Interdepartmental Settlements

http://publiservice.tbs-sct.gc.ca/Pubs_pol/dcgpubs/TBM_142/siglist_e.html