General Accounting Division

DBM DLLR DJS DHCD ENV DBED DHMH SHA MVA EDU COMPT UMCP DPSC DHR DNR UMB Lottery JUD

R*STARS

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To be viewed with the Comptroller's
Accounting Procedures Manual For the Use of State Agencies

The State’s Financial Management Information System includes:

- Advanced Purchasing and Inventory System (ADPICS)
- Relational Statewide Accounting and Reporting System (R*STARS)

R*STARS is:

- A modern accounting information system containing a complex database which receives and stores data from the state agencies
- Designed to provide the Comptroller and state agencies with a full range of business processing, accounting and reporting capabilities

R*STARS provides:

- General Ledger Accounting
- Accounts Payable/Vendor Payment Processing
- Accounts Receivable/Revenue Accounting
- Grant and Project Accounting
- Fixed Asset Accounting
- Cost Allocation

R*STARS provides:

- Standardized reporting for State agencies
- Ad Hoc reporting for special information needs
- IRS Forms 1099 reporting
- Capture of vendors’ tax liabilities owed to the State, federal government and IRS by offset of amounts due to vendors

Account Structure

- Financial Agency, E00
  - **Batch Agency, E01**

- Appropriation, A0101
  - **Number**
  - **Year**

Funds

- Appropriated funds (D22)
  - **General - 0001**
  - **Special - 0003**
  - **Federal – 0005**
  - **Reimbursable - 0009**
- Fund – agency (D23)
- Fund – gaap (D24)

Funds (cont.)

- Non-budgeted funds
  - **0070-0078**
- Higher education funds
  - **0040-0049**
- General Fixed Assets
  - **0020**

Object Codes (D10)

- Revenues
  - **3000 – 9999**
- Expenditures
  - **0101 – 1578**
- Agency Object (D11)

Program Cost Account

- 26 Screen
- Used to record transactions
- References specific program code structure set by the agency
- Multiple data elements may be stored with the PCA, i.e., fund, grant, project

General Ledger Account

- D31 Screen,
  - **0501 – Accounts Receivable**
- Agency General Ledger Account Code
  - **D32 Screen**
  - **Used to create subsidiary records by the agency**

General Data Elements

- Transactions entered – on line or by interface
- Batch Agency
- Batch Type
- Batch Number, Date
- Batch Edit Mode

Document Data Elements

- Document Type, Date, Number
- Effective Date
- Action Codes
  - **Statewide**
  - **Agency**

Disbursements

- Agencies create the transactions,
- GAD approves them and sends STO a file – warrants the transactions,
- STO creates the checks, ACH transactions

ADPICS

- ADPICS is the procurement subsystem for agencies
- Proper security must be maintained thru the use of profiles and approval paths
- Administered by ASM Security Office

Transmittal Process

- Invoices released from ADPICS
- Dafr2151 reviewed, errors corrected
- With 89 user class, action code 123 added
- Final review and approval with release on the 32 screen, action code 456
- Transmittal created, assembled with original invoices in order

GAD’s Pre-Audit May:

- Reject a document
  - **Action codes 726 – 728**
- Put a document on hold
  - **Action codes 710 – 712**
- Reject pending
  - **Action codes 720-722**
  - **Lets agency do a correction**
  - **Must be done the same day**

Other Action Codes – Screen 37

- 388 - Deleted Transaction
- 588 - Changed Transaction
- 750 - Released Transaction
- 600 - Payment Created

Transmittal

- Cover Sheet – original signature
  - **Signature card on file**
- Original invoices – in order of transmittal report
- Calculator tape of totals

Invoices

- Date stamped when received by agency
- Date goods or services received
- Reason for delay if over 25 days late
- TIN/SSN must be provided
- Reference to approval documents as applies
  - **BB4 number, BPW agenda date and item no.**

Prompt Payment of Invoices

- Invoices must be sent to GAD within 25 days
- Interest is due to vendor after 45 days
  - **Accrues after day 30**
- Service date must be the later of: date invoice or goods and services received
- Corporate Credit Card should be used for small purchases

Prepaid Expenses

- When charged against an appropriation
  - Need original documentation
  - Examples, Subscriptions, insurance, registrations

- When not charged against an appropriation
  - Need GAD permission
  - Example, payments that must be paid on July 1
  - Entry must be reversed and charged to expenditures in July

Third Party Billings

- Generally not done
- With legal requirement GAD will add:
  - **Separate mail code added under original vendor's TIN**
  - **Update reason code on 51 screen will be "3PTY"**

Unacceptable Invoices

- “Old balances” on invoices – except utility bills
- Funeral flowers, special gifts or other non-work related items
- Invoices for food for normal staff type meetings
- Christmas party expenses
- Alcoholic beverages

Remittance Advice

- For questions from vendors:

- The D02 screen contains the contact information
- Advise vendors to use GAD’s website to see status of payments
- Make sure the invoice number/ description fields identify the payment sufficiently

Credit Memos

- May be listed individually
- Not permitted for EFT transactions
- Must have a different invoice number to generate a separate check line
- Must have the same due date to be released with an invoice; or invoice date and receipt date must be same if due date is blank

Petty Cash/Working Funds

- Separate transmittal
- Summary listing
- Vendor’s receipt or signed voucher
- For approved uses
- Service date/Due date

Expense Accounts

- GAD X-5 Form
- Include receipts
- Comply with travel regulations

Expedite Payments

- Checks printed that afternoon
- Emergency only
- Cycle runs at 11:00 daily

Payment Distribution Type

- Determines payment method
- First class mail, ACH, counter pick up

ACH, 80, 86, 87, 89

- Controlled centrally
- GADX-10 Form – Vendor’s statewide registration (86)
- PDT 80 is for employee expense accounts
  - **Set up from payroll**
- Vendors with contracts approved by BPW must sign up for ACH

Foreign Currency Wires – PDT 90

- Prior approval
- DMI indicator “M” – manual
- Direct voucher from R*Stars
- Warrant number must be left blank

Vendor Table

- Vendor Coordinator assigned for each agency
- GAD controls changes
- Agency sends GAD710 Form for updates
- Mail codes will have “reason” field updated for changes

Vendor Table (cont.)

- Search names:
  - **3a Screen – Vendor Alpha Inquiry**
  - **The State’s TIN has the Batch Agency Number as a search field**

Stop Payment/Re-issue

- STO Form 151 or 152 – Send with Checks to STO
- Re-issued checks always keep original address
- Checks charged to a prior appropriation year must be adjusted to revenue

Check Status

- 47D Screen - Payment Status History
- DAFR8161 - control report that lists outstanding warrants (checks that have not been cashed)

Payment Research

- OSVP – Status of all payments for a vendor
- Screen 44 – payment detail by check number
- Screen 85 – payment detail by vendor number, prefix, agency code and doc type
- Screen 86 – payment (document) detail by Agency and doc number – links to 84 screen, detail transaction

Payment Research - Reports

- DAFR7930 – Payments by TIN
  - **GAD runs monthly by Batch Agency**
- Dafr7920 – Payments by Name
  - **Monthly by agency request to GAD**

Payment Research - Vendors

- One Stop Web Site for vendors: http://comptroller.marylandtaxes.com
- Refer vendors to this site so that they can track status of their payments
- Note the information given – so that R*Stars information is completed properly to limit questions from vendors

Liability Offset

- If there is an “LO” number in the payment number or ref doc field, the payment has been captured for a state debt. “LF” number means it was captured for a Federal liability.
- OSVP can be used to see how much was paid to the vendor.

Cash Receipts

- Deposit within one day after receipt
- Record deposit in R*Stars within 2 days
- Use agency's Depository Plus deposit slips
  - **This number with 0 in front must be used as the DRN or Document Number**
  - **Document date should equal bank deposit date**

Electronic Deposits

- Only recorded by STO
- Agencies must submit registration to STO
  - **If not registered STO will post to program 001, using PCA, 99DEP**
- STO will supply copies of the deposit to agencies

Cash Receipts Accounting

- Is an expenditure reduction ONLY when it is a return of an expenditure in the current year
- Fees and charges for services must be revenues to appropriate fund
- Other receipts must be general fund revenues
- All receipts concerning payroll must be reported to Central Payroll Bureau

Cash Receipts Accounting

- Trust related activities' receipts should be recorded as an increase to accounts payable

- Collections of accounts receivable recorded in R*Stars should be recorded as a decrease to the receivable

Chargeback Account

- For failed deposits and other corrections
- STO will debit/credit program ‘099’
- Agency must clear promptly

Cash Transfers

- Posted only during batch cycle
- Net effect of batch must be zero
- Use batch type G
  - **Screen 509 becomes available**
  - **Allows one amount with accounting information for the charge and credit**
  - **Edits that net effect on cash is zero**

Interagency Adjustments

- Can only increase cash to another agency
- Billing agency must provide all accounting information to the charge agency
- Can be processed from ADPICS or R*Stars
- To avoid errors should not use the “R” – reverse code

Accrued Revenues

- Must be available within 60 days of year end
- Allowance or long term receivable must be recorded – for over 60 days
- Any receivable sent to CCU must be offset with an allowance

Federal Revenue

- Must be recorded in Fund 0005
- Use object codes 8484, 8829, 8832, 8835, 8838 or 8844
- Must reconcile to Schedule G, listing of federal activity by CFDA number submitted at year end

Encumbrances

- Include purchase orders, approved contracts, etc.
- Should be recorded through ADPICS
- Can be posted in R*Stars
  - **Agencies that don't use ADPICS**
  - **For appropriations that should not revert**
    - **Such as for capital programs**
- Should be reconciled monthly

Inactive Accounting Records

- Generally – only two to three months are active
- Use Status “I” to view on-line (86 Screen)
- Detail reports available on Fridays

Appropriations

- Edits prevent agencies from overspending – but not over-encumbering
- Special, Federal funds – spent only up to revenue realized to fund appropriation
- Reimbursable funds – only to extent can bill other state agencies
  - **Use revenue object 9459**
- DAFR 5990 lists over-(encumbered, spent) appropriations

Appropriations (cont.)

- Special funds – revert to general funds at year end –unless retention permitted by Law

- Non-budgeted funds – clearing accounts or use approved by DBM
  - **099 – chargeback account**
  - **Must be zero at year end**

Monthly Maintenance

- Agencies can close the month – 25 Screen
- GAD will close State-wide on the 16th
- General fund revenue will be closed on the fifth working day

Agencies should view the 530 Screen

- Batch headers with status “H”
  - **Have transactions to be corrected**
- Batch headers with status “A” have transactions that need final approval to go to history

Advances

- For approved working / imprest funds
- Temporary
  - **Due to an emergency**
  - **Must be returned**
  - **Salary Advances**
  - **Travel**
- Write-offs

Petty cash / working funds

- Working funds – must have approval for a separate bank account
- Disbursements for approved purposes
- Must be in sole custody of one responsible person
- Must be reconciled at year end
- Payee for reimbursements – agency name

Fixed Assets

- All agencies must use the R*Stars' fixed assets subsystem
- Record assets over $50,000
- Optional for lower threshold
- Does not affect DGS's policy

Improvements

- Costs incurred to extend the useful life, total more than $100,000
  - **Additions, enlargements**
  - **Major repairs**
- All capital costs for state fixed assets in agencies 600-627 should be capitalized

Maintenance

- Improvements that maintain existing levels
- Repairs
- Should not be capitalized – charge to a maintenance and repair object code

Components

- Group of interrelated components – together may meet the $50,000 threshold and be capitalized
- Software costs should be capitalized – includes direct costs and payroll and related costs during development and upgrades for internally developed software

Land Improvements

- Vs. Infrastructure

- Depends on the association
  - **i.e., fence surrounding a highway is infrastructure**
  - **while a parking lot by a building is land improvement**

Capital Leases

- All capital lease items, including improvements, must be recorded in the subsystem.

Transfers

- Transfers in and out must equal
  - **Should equal book value of the asset**
  - **In service date and useful life should be current values**
- Agencies must verify when recording these entries
- Or, record a disposal and addition

Fixed Assets (cont.)

- Adjustments
  - **T/C C30, C31**
  - **Only to correct entries**
- Disposals
  - **T/C D11 for partial disposal**
  - **T/C D12 will reverse a disposal**

Gains, Losses & Trade-ins

- Transactions are automatically generated
- Agencies should record revenue – sale of real property, objects 7611 – 7620
- Trade-in allowances used only to determine cost of new asset

Fixed Assets (cont.)

- Depreciation
  - **Run monthly – except for year end**
  - **Check 530 screen**
- Salvage Value
  - **Do not record any**

Reconcile FAS to R*Stars

- Review expenditures in objects, 0010, 0011 and 0014
- Check 530 screen for type F batches
- Check 73A, 71 Screens – suspense screens
  - **Review DAFR4451 to determine why entry has not posted**

Investments

- Activity done by STO
- To retain interest agency must have legal authority
- STO calculates daily average balance and credits interest – or posts a charge for deficit balances – based on program’s cash balance

Funds

- If the law establishes a “fund”:
- Agencies must record activity in a separate d23 “fund”
- Agency must advise GAD if it should earn interest

Specialized Reports/ Late Payment of Invoices

- DAFR7850
- Invoices must be in GAD within 25 days of later of invoice date or service (receipt) date
- Receipt date is date first received anywhere by the State
- Vendors may charge interest for payments paid after 45 days after receipt date

Duplicate Invoices Report

- DAFR3060
- Matches six months of payments
- Automatically run each month
- Lists payments that match on invoice number, invoice date, and amount
- Agencies should research, review and collect all duplicates

GAAP Reports

- DAFR8580 & DAFR 8590
- Balance Sheet / Operating Statement
- Current / Prior Year Balances
- Review Federal revenues to Fund 0005 revenues
- Look for unusual variances

Payment Capture Reports

- DAFR3782
- Backup Withholding
- 28% of payment submitted to IRS - due to incorrect TIN information

- DAFR4050
- Liability Offset
- Vendor owes the State – Taxes or a State agency

Payment Capture Reports (cont.)

- **DAFRP07B**
  - **FEDERAL OFFSET VENDOR NOTIFICATION LETTER**
  - Copy of the letter sent to vendor with all applicable federal and state information.

Vendor Payment Detail

- DAFR7930
- Lists all payments by Batch Agency and TIN
- Run each month

Undeliverable Check Status

- DAFR3041
- Lists checks returned to GAD
- Agency should review daily and submit updated information to Check Distribution Section
- Agency should submit corrections on GAD710 Form to Vendor Table Section

Outstanding Warrants Report

- DAFR8161
- Lists all agencies' checks that have not cleared the Treasurer's Office bank account. This report should be reviewed monthly to determine whether further action is needed.

Reporting Procedures

- Multiple reports extend the batch cycle
- Make use of FMIS VIEWDIRECT
- Limit requests so the same report is not duplicated

Archive/Purge Process

- January archive data two fiscal year’s prior
  - **January 2013, archive fiscal year 2011**

- Reports can be run for the data

- Prior years’ data must be scheduled with FMIS

Payment Inquiry

- Current & prior year in R*Stars
  - **44, 85, 86 Screens, active, inactive**
  - **OSVP**
- Remaining five years
  - **R*Stars Archived Payment Inquiry (RAPI)**
- Detail procedures in APM

Liability Offset

- All payments subject to offset
- Capture is at the invoice level – the payment is transferred to an escrow account
- Refer questions to Comptroller’s Compliance Division
- Copy of letter sent to vendor in ViewDirect–DAFR4050

Federal Liability Offset

- **LF** Document created to offset payment to vendor for a federal liability
- Refer vendor to Federal Agency (TOP) – information in letter sent to vendor (DAFRP07B)
- Or to GAD

1099 Process

- Must be done centrally for the State
- Determined by type of taxpayer, sole proprietorship or partnership and object code
  - **payment for services, not for goods**
  - **D10 profile, Appendixes E and F show reportable objects**
- Agencies may enter 1099 information for payments not in R*Stars, i.e., working funds

Wages

- Payments to vendors who satisfy IRS regulations for an employer/employee relationship must be paid thru payroll
- They may not be given a 1099 instead

Backup Withholding

- Each year, the IRS sends GAD a listing of TIN’s with problems
- GAD sends the taxpayers a W-9 Form to complete within 30 days
- If the issue from IRS is not resolved, the State must withhold 28% of each payment to send to the IRS

Corporate Purchasing Card

- Issued in name of employee and agency
- For purchases under $5,000
- R*Stars' pca is stored and processed with the transaction
- GAD posts the charges to the pca
- Default transactions post to program 050, and must be cleared

Fees and User Charges Report

- Submitted to Legislature every other year
- For each fee or user charge, agency must provide a description of the service and a comparison of revenue generated with total cost of providing the service

Internal Controls

- Agency's responsibility
- Internal Control Manual is on GAD's website
- Overall plan of organization and methods to safeguard assets, ensure reliability of accounting data, promote efficient operations and ensure compliance

Specific Standards

- Documentation
- Recording of transactions and events
- Execution of transactions
- Separation of duties
- Supervision
- Accountability for resources
- Effective and efficient use of resources

User Class Guidelines

- Need to consider internal controls when assigning user classes
- Assign user class according to duties
- Provide for separation of duties
- Use “approval paths”
- Carefully segregate disbursement duties

Miscellaneous

- User Class 85 – allows access to the D02 table – gives all agencies’ R*Stars batch agency number and contact information that appears on checks

Resources for Questions

- FMIS Bulletin Board
  - **DoIT webpage, State Agencies**
- FMIS Help Desk
  - **410-260-7778**
- GAD
  - **410-260-7813**
  - **E-mail: gad@comp.state.md.us**
  - **GAD's web page: http://comptroller.marylandtaxes.com, click on Agency Divisions**