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UNIFIED COURT SYSTEM
OFFICE OF COURT ADMINISTRATION
DIVISION OF FINANCIAL MANAGEMENT
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TO: All Holders of the Financial Planning and Control Manual

NEW ACCOUNTING PROCEDURES

BULLETIN NUMBER: 286	November 16, 2001
SUBJECT: Calendar Year-End Procedures - Taxable Travel Reimbursements	

This supersedes New Accounting Procedures Bulletin number 275, issued November 6, 2000.

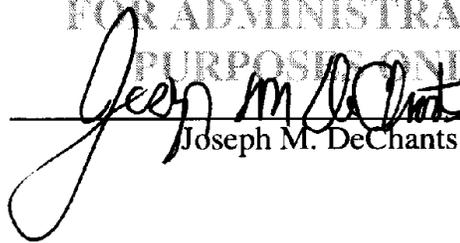
Attached is a copy of OSC Accounting Bulletin A-493 / P284, dated November 13, 2001. This bulletin details special year-end 2001 processing schedules necessary to facilitate the preparation and distribution of W-2 tax statements by the Comptroller's Office. Some of the key deadlines to be noted include the following:

- All vouchers containing taxable reimbursement amounts to be paid prior to January, 2002 must be assigned a Payment Date of December 7, 2001 or earlier and paid prior to that date to be properly reflected on calendar 2001 W-2's.
- Vouchers containing taxable reimbursement amounts which are entered by agencies must be received OSC no later than December 3, 2001. Vouchers to be entered by OSC must be received no later than November 30, 2001.

- All Quick Pay travel vouchers to be paid prior to the December 7, 2001 deadline must be certified no later than December 6, 2001.
- Avoid the payment of any taxable amounts between December 8, 2001 and December 31, 2001.
- All taxable amount corrections to the PCM file must be completed no later than December 31, 2001.

Please ensure distribution of this bulletin to all personnel within your respective jurisdictions who may be responsible for the processing of, or the monitoring of internal control procedures relating to, financial transactions processed via the Central Accounting System.

NYS UNIFIED COURT SYSTEM
FOR ADMINISTRATIVE
PURPOSES ONLY



Joseph M. DeChants



ACCOUNTING BULLETIN

Subject: Revenue Contracts / Repayment Agreements	Bulletin No: A-492	Date: 11/13/2001
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Purpose

To remind all State departments and agencies of the procedures to account for **Revenue Contract receipts** and **Repayment Agreements** entered into by State agencies and approved by the Comptroller's Office.

Background

Revenue Contracts are agreements between the State and private individuals and/or businesses. In many cases, only revenues are derived from agreements between a State agency and a contractor (e.g, license concession agreement, etc). However, there are also instances where a State contract for goods or services contains revenue sharing provisions. For example, the State contracts with a business to print and market New York tourism materials (expenditure contract) and this same contract contains a revenue contract provision which provides that the State will receive a commission from advertising that the contractor sells in these tourism publications.

Repayment Agreements are agreements between the State and a municipality, public authority, or other third party. Generally, the terms of these agreements are detailed in the appropriation language for these State advances. Pursuant to Section 40-a of the State Finance Law, "no part of any appropriation made as an advance shall be available for expenditure until a written repayment agreement is entered into..." and all appropriated advances must be repaid to the State.

Authority

The State Finance Law provides in relevant part:

§8. The Comptroller shall superintend the fiscal concerns of the state and keep, audit and state all accounts in which the state is interested, and keep accurate and proper books, showing their conditions at all times. The Comptroller must also audit the accrual and collection of all revenues and receipts; and operate and maintain a state accounting and financial reporting system, which accurately and systematically accounts for all revenues, receipts, resources and property of the state and each of its agencies.

§40-a. "No part of any appropriation made as an advance pursuant to this section shall be made available for expenditure until a written repayment agreement is entered into by the agency, authority, fund or corporation to which the appropriation is made and the director of the budget". No segregations of appropriations may be made until the repayment agreement is entered into and approved by the Comptroller's Office.



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Authority (cont'd) §112 (2) (a). The Comptroller must approve any contract made for or by any state agency, department, board, officer, commission, or institution, whenever the amount of such contract exceeds \$15,000.

§121 (1) . Revenues received by State agencies must be transmitted to the State Treasury no less than semi -monthly.

Revenue Contracts

A Contract Encumbrance Request (AC340) must be prepared and submitted to the Comptroller's Office, together with the contract or repayment agreement, for review and approval. Instructions for preparing the AC340 can be found in the New York State User Procedure Manual, Volume III – Encumbrances and Expenditures, Section 3.03.

?? The contract amount on the AC340 should be entered as a plus (+) amount since negative contract amounts will not be accepted by the CAS.

Contract Types

Revenue Contracts and Repayment Agreements are entered and stored in the central accounting system (CAS) using the following prefixes and suffixes:

- ?? Revenue Contracts begin with an 'X' prefix.
- ?? Revenue Contracts established prior to April 1982 begin with an 'R' prefix.
- ?? Repayment Agreements begin with an 'F' prefix.
- ?? Real property or retail space owned by the State begin with an 'L' prefix and end with and 'R' suffix (e.g. L00200R).

Contract Receipts

Receipts related to Revenue Contracts and Repayment Agreements must be processed in the CAS using the following source documents:

- ?? AC2405 – Report of Monies Received with Tail
- ?? AC22 – Journal Transfer/Revenue Transfer

Copies of the above documents are attached and may be reproduced for your use.

Contract Refunds

All **refunds** of contract payments made to vendors must be processed in the CAS using a AC1286 - Refund of Appropriation Expense document.

Contract Refunds

OSC will use the refund to credit the appropriation from which such payments were made. The refund must contain the exact **cost center, object, contract agency**



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and contract number processed on the original payment voucher. For more information about Refunds of Appropriation Expense, please refer to New York State Accounting System User Procedure Manual, Volume IV – Revenue, Section 5. Also see Bulletin A-457, accessible from OSC's Internet home page <http://www.osc.state.ny.us>.

?? It is important to note that refunds of appropriation transactions do not restore contract encumbrances. They will create payment history records and reduce expenditures in the contract if the contract originating agency and contract number are processed with the document.

CAS Processing Edits

Revenue Contract documents must contain the originating contract agency and the contract number of the active contract record stored in the CAS.

Contract receipts, revenue transfers and refunds of appropriation transactions will:

- ?? not restore contract encumbrances
- ?? cause the LTD and YTD Expenditures in the Revenue Contract to be reported with a credit (negative).

Hybrid Contracts

- ?? Contracts that account for both Revenue and Expenditure data must be assigned **two** separate contract numbers in the CAS: one for revenues and one for expenditures.
- ?? Expenditures and encumbrances should not be processed against Revenue Contracts or Repayment Agreements. Doing so would distort the expenditure and disbursement history of the contract master record.
- ?? When creating separate revenue and disbursement contracts agencies should indicate the corresponding revenue or disbursement contract number in the contract description field.

Batch Types

- ?? See Bulletin G-194 for Revenue Contract and Repayment Agreement batch types.
- ?? **RCR** - Revenue Contract Receipts (AC2405).
- ?? **REF** - Refund of Appropriation Expense (AC1286) entered by OSC.

Batch Types (cont'd)

- ?? **RFD** - Refund of Appropriation Expense (AC1286) entered and suspended by agencies at remote terminals.



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suspended by agencies at remote terminals.

?? **JRT** - Revenue Transfers (AC22) entered by OSC.

?? **JTR** - Revenue Transfers (AC22) entered and suspended by agencies at remote terminals.

CAS Reports & Manuals

Agencies are required to reconcile their agency bank accounts no less than monthly. (See Controls and Special Procedures Manual– Volume XI, Section 4.0120, Agency Bank Accounts– Reconciliation.)

In addition to ensuring that bank account reconciliations are completed, agencies must also determine that checks sent to the State Treasury are properly credited to a State fund or account and that the revenue transaction is completely and accurately credited to the Revenue Contract or Repayment Agreement record contained in the CAS.

The following tools can be used to track and reconcile Revenue Contract or Repayment Agreement transactions and master file records:

?? The Revenue Journal (JRN010), Refund of Appropriation Journal (JRN040), and Expenditure Adjustment Journal (JRN070) are produced daily and provide batch and transaction activity.

?? Cash Receipts by Originating Agency (REV170) is produced weekly.

?? Revenue Contract master records (CON013) can be obtained on -line using CAS reports Menu 031. Background on the use of this menu is published in Bulletin A-398, which is available on OSC's Internet home page.

?? CAS User Procedure Manual, Volume IV -Revenue Manual all sections.

Additional Information

?? Direct contract questions on this bulletin to the Contract Audit Unit at (518) 474-6494 or (518) 474-3488.

?? Direct revenue processing questions on this bulletin to John Brownell, Revenue Processing, at (518) 486-1222.



Office of the State Comptroller

ACCOUNTING BULLETIN

Subject	Bulletin No.	Date
<i>Year-End Procedure for Taxable Travel Reimbursements</i>	<i>A-493/P284</i>	<i>11/13/01</i>

Purpose

Update calendar year-end procedures relating to taxable travel reimbursements in order for the State to comply with IRS reporting requirements. This bulletin replaces Accounting Bulletin A477 and Payroll Bulletin P203.

Types of Taxable Payments

- ? Taxable travel reimbursements include:
 - ? Excess Personal Car Mileage (PCM) Reimbursements
 - ?? Excess Per Diem Payments
 - ?? Non-Overnight Meal Allowances
 - ?? Payments to employees taxable under the IRS One-Year Rule

Background

- ? Excess PCM and Per Diem Amounts
 - ? IRS rules relating to employee business expense reimbursements require withholding and W-2 reporting on any excess amounts paid.
 - ?? "Excess amount?" is the portion greater than the applicable Federal rate and not substantiated by receipts.
 - ?? 2001 maximum rate allowed by IRS for PCM is 34.5 cents per mile.
 - ?? Current maximum Federal per diems for the continental US can be found on the Comptroller's Internet Home Page: <http://www.osc.state.ny.us/agencies>
- ? Non-Overnight Meal Allowances
 - ?? IRS requires employers to report and withhold income and employment taxes from meal allowances for non-overnight travel (day trips).
- ? One-Year Rule
 - ?? IRS requires employers to report travel reimbursements and withhold income and employment taxes if employment away from home at a single location is realistically expected to last for more than one year.



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? Explanations of rules for excess PCM, Per Diem Amounts, Non-Overnight Meal Allowances and One-Year Rule can be found in the Accounting Controls and Special Procedures Manual, Volume XI, Section 8.

Agency Requirements

? Agencies should have taxable travel reimbursements paid by the CAS on or before December 7th, 2001.
 ? Otherwise, agencies will be required to prepare corrected W-2 statements for 2001, and initiate Social Security/ Medicare deficiency deductions through PaySR in 2002.

? Required dates:
 ? Vouchers containing excess amounts to be entered by OSC must be received by OSC NO LATER THAN 11/30/01. If entered by agencies, must be received by OSC NO LATER THAN 12/03/01.
 ?? Batches of Quick Pay Travel vouchers to be paid by 12/07/01 must be certified for payment by 12/06/01.
 ? Payment dates on vouchers must be 12/07/01 or earlier.

CAS/Payroll Processing

? Taxable travel reimbursement data is transferred from the CAS to the Payroll System at month end, January through November.
 ? This year, a special transfer from the CAS to PaySR will be run on December 07, 2001.
 ?? This transfer will include vouchers with taxable reimbursements paid from December 1 through December 7.
 ? These reimbursements will appear as "Taxable Expense" on Administration payroll checks dated 12/19/01 and Institution payroll checks dated 12/27/01.
 ?? Appropriate amounts will be withheld from these payments.



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Avoid Year-End Taxable Travel Payments

Avoid payment of taxable travel reimbursements by the CAS from 12/08 through 12/31.

- ?? If taxable travel reimbursements are paid by the CAS during 12/08 through 12/31, they will not be included as income nor taxed appropriately on the employee's W-2 issued by PaySR.
- ?? Taxable travel reimbursement payments made by the CAS during 12/08 through 12/31 will require agencies to prepare corrected W-2 statements for 2001, and initiate Social Security/Medicare deficiency deductions through PaySR in 2002.

CAS REPORTS

Agencies will receive a special VOU943, Listing of Taxable Employee Travel Payments by Agency, for the December 07, 2001 transfer.

- ?? The VOU943 will print at agency printers.
- ? Agencies without printers will receive this report through the mail.
- ? Agencies will receive the monthly VOU943 for December, but it will contain only the taxable expense transactions paid after December 07.
- ? The VOU943 reports should be used to confirm taxable amounts paid during December, and to identify any payments requiring W-2 corrections and Social Security/Medicare deficiency deductions.

PCM CORRECTIONS

- ? All corrections to excess amount payments on the PCM file must be made by 12/31/01, so that the amounts on the PCM010 can be reconciled with the excess amounts reported on the employee's 2001 W-2.
- ? Other corrections that agencies choose to make to the PCM file must be made by 1/04/02 to be reflected on adjusted year-end reports.

Questions ??

- ? Direct Payroll or W-2 questions on this bulletin to Eileen Fink at (518) 474-6223.



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- ? Direct other questions to the Accounting Information Center at (518) 473-1170 or AcctSys@osc.state.ny.us