FISCAL POLICY AND PROCEDURES MANUAL

State of Alabama
Department of Finance

CHAPTER 1
INTRODUCTION AND INTEGRATION

1-1 PURPOSE AND ORGANIZATION OF THE MANUAL

The Fiscal Policy and Procedures Manual (the manual) has been developed to assist state agencies with the operation of the state-level accounting system - the Financial Resource Management System (FRMS). The manual will assist state agencies in complying with statutory requirements and administrative procedures. Furthermore, the manual documents the State chart of accounts (balance sheet accounts, revenue source codes, expenditure objects and sub-objects), and policies and procedures related to budgeting, revenue and receipts, expenditures and disbursements, purchasing, contracts, journal vouchers, payroll/personnel, and financial reporting.

State funds are entrusted to the head of a department, board, bureau, commission, agency, office, institution, authority, council, service, or system. The term's "department" and/or "agency" are used throughout this manual to denote any of these organizational entities. The department head is primarily responsible for the expenditure of public monies in accordance with statutes and federal guidelines where applicable. Each department head makes decisions and exercises authority relative to the expenditure of funds within the bounds of the department's appropriation(s) and legal function. This manual is intended to assist state officials in complying with laws, policies, and procedures that apply to the fiscal administration of state departments. It is not the intent of this manual to prescribe internal departmental procedures or policies.

This manual standardizes accounting and financial policies and procedures that are within the authority of the State Department of Finance. The State Director of Finance and the Governor has approved this manual in order to establish rules and regulations governing the performance of all functions and duties of the Department of Finance and these policies and procedures will be applied uniformly to all departments unless specific exemption is granted in writing by the Director of Finance. The fiscal procedures define the functions and responsibilities of the Department of Finance and the methods of fulfilling these responsibilities as authorized by the *Code of Alabama 1975*, as amended §41-4-35. Any errors of omission or commission in this manual are not to be taken as an exemption from the statutes; full compliance with such statutes is required.

Revisions to the manual will be made periodically as needed. Suggestions should be submitted to Kathleen D. Baxter with the State Comptroller's Office at the following addresses.

Regular Mailing Address	State Hand Mail Address
Kathleen D. Baxter	Kathleen D. Baxter
State of Alabama	State of Alabama
Comptroller's Office	Comptroller's Office
100 North Union Street Suite 274	P. O. Box 302602
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Phone (334) 242-4857

Revisions will be presented to the Fiscal Policies and Procedures Committee for review and approval. Once approved, the changes will be integrated using a revised date (example August 2010 – 08/2010) on the footer. An example is shown below.

1-2 INTEGRATION

The Financial Resource Management System (FRMS) consists of four components that integrate to produce accurate financial reports and other pertinent information related to the accounting process. The following list describes the four components:

1. The Central Accounting System (CAS) is the Comptroller and Budget Office's state level accounting system.

2. Agency Accounting consists of the automated accounting system, Advantage Financial Standard (AFNS) and Agencies with their own accounting system (NON-AMS). These are designed for the agencies to keep detail information required by federal and/or state laws, and to meet the accounting needs of the departments.

3. Governmental Human (Resources System (GHRS) is the state level payroll and personnel system.

4. Statewide Network of Automated Procurement (SNAP) handles the procurement and purchasing for the State of Alabama.

Integration is used to connect the individual component units of FRMS into one cohesive unit. Crosswalk tables are a major element of integration. These tables allow departments to record more detail information than is required by the Budget Office and Comptroller's Office. During the integration process, the data in the agencies' accounting system will convert to the CAS account coding by reading the crosswalk table. The crosswalk tables are:

Major Account Codes Crosswalk (XWLK)
Object Codes Crosswalk (OWLK) and
Balance Sheet Account and Revenue Source Codes Crosswalk (BRWK).

Agencies should use the Crosswalk *Instructions* for adding, changing and inactivating the crosswalk tables. Call the AFNS Hotline to obtain this information or for additional assistance.

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1-3 INTEGRATION FOR ENCUMBRANCES AND PRE-ENCUMBRANCES

NEVER start or change the encumbrance (PO) or pre-encumbrance (RQ) transaction by entering a purchase order (PO) or requisition (RQ) directly into the department's accounting system unless instructed by the Comptroller's Office. All POs and RQs should be entered into SNAP or its equivalent in order for integration to be successful.

A. SNAP ENCUMBRANCE AND PRE-ENCUMBRANCE

SNAP purchase order and requisition transactions are designed to flow from SNAP, to the agency's accounting system, to CAS and back to SNAP without intervention from the agencies. The integration edits will not send the transactions to the next component if changes are made in the agency accounting system or CAS. The hard copy of the purchase order will not be issued until SNAP receives the flag from CAS stating the money has been encumbered. Encumbrances (purchase orders) and pre-encumbrances (requisitions) **must** start in SNAP. Changes to an encumbrance or pre-encumbrance transaction must be generated by SNAP's automated system.

Error Reports for AFNS Clients Only
The *AFNS TO CAS, REQUISITIONS & PURCHASE ORDER ERROR REPORT (*INCB003D) report runs every working day. These reports perform the same edits and outputs; the only difference is how the system sends the print to the agencies via e-mail or printer. Integration's 3D report compares the SNAP tables OACG, ORDR, OCAC and OCHG to the AFNS transactions and ledgers. Differences discovered in the data (e.g. account coding, amounts) between the agencies' transaction and information in SNAP tables will cause the transaction to be flagged. Once the transaction is flagged, integration will **not** pass it to the next component. The agencies will not receive the hard copy of a purchase order until the errors are corrected. It is the agency's responsibility to research any errors. Use SNAP's ORDR and OACG tables to check the data for original purchase orders. For modifying purchase order transactions, use the OCHG and OCAC tables. The AFNS clients should refer to the *AFNS Integration Error Manual* for instructions to correct any errors on the report. The AFNS clients can contact the AFNS Hotline for additional assistance.

Error Report for All Agencies
There are two purchase order integration error reports:

FRMS Outstanding PO Report (FRMSOSPO); and the
FRMS Outstanding PO Mod Report (FRMSOSPM).

These reports identify original and modifying purchase order transactions that did not flow successfully through integration. Errors will remain on the report until the agency corrects the problem. Listed below are instructions for solving the problems on the FRMSOSPO and FRMSOSPM reports. Agencies that do not have integration errors will not receive a printout.

AFNS Clients -- Purchase order transactions listed on the FRMSOSPO AND FRMSOSPM will need to be researched to determine what action needs to be taken to correct the errors. The agency will compare SNAP data to AFNS data then compare SNAP data to CAS data. Both programs run every Saturday making these reports available to the AFNS clients on the first working day following Saturday. AFNS clients will refer to the *AFNS Integration Error Manual* to correct any errors on the reports. Contact the AFNS Hotline at (334) 242-2686 for additional assistance.

NON-AMS Agencies -- NON-AMS agencies' reports are given to the Comptroller's Office on a weekly basis. If there are errors on these reports, you will be notified by Integration Support. NON-AMS agencies will contact Integration Support at the Comptroller's Office (334) 242-4857 for assistance on integration errors for SNAP purchase orders and requisitions.

The Purchasing Division begins processing the next fiscal year's purchase orders in July before the end of the current fiscal year. These purchase orders are updated in SNAP but are **not** sent through integration to the agency's accounting system until October. These purchase orders will appear on the reports with the next fiscal year in the "FY" column until October. Due to the volume of purchase orders processed, it will take approximately two weeks for all transactions to flow through integration and drop off the integration error reports. For additional information see Chapter 4.

B. PROFESSIONAL SERVICE CONTRACT SUBSYSTEM

Professional Service Contract purchase order and requisition transactions are designed to flow from the contract subsystem to agency accounting. Agency accounting will update their files then pass the data to CAS accounting. CAS is updated and a flag is passed back to the subsystem. This data flows through all components in one nightly cycle (NCYC) without human intervention unless an error occurs. Integration edits are performed on the transaction. Two examples of errors that stop a transaction from updating agency accounting or CAS accounting are over spending the budget and invalid accounting codes. For detail information on the Professional Service Contract Subsystem, see Chapter 5.

Edits Performed between Agency Accounting and CAS
The edits performed between Agency Accounting and CAS compare the transaction to the table entries. Purchase order and requisition transactions flowing to CAS are checked against the XWLK and OWLK tables to insure the accounting codes are valid and against the budget tables to ensure budget is available.

Errors During Nightly Cycle (NCYC)
The agencies are responsible for scanning the Contract Pending Header (CTPH) and the Contract Pending Line (CTPL) tables for any problems that develop in the integration process. Contract records that flow through integration are deleted off the CTPH and CTPL tables. Since the contract transactions are designed to flow through all components in one NCYC, the agency should check the pending tables the first working day after a contract transaction is entered. For assistance with errors contact the Fiscal Management section of the Comptroller's Office.

1-4 PAYMENT VOUCHER INTERFACE PROCESS

The payment voucher interface process is designed for the payment vouchers to flow from the department's accounting system to CAS without human intervention. During the payment voucher interface process, the account coding on the payment voucher transactions in the agencies' system will convert to the CAS account coding by reading the crosswalk tables. These crosswalk tables are XWLK, OWLK and BRWK.

Error Report for AFNS Clients Only
AFNS TO CAS PAYMENT VOUCHER INTERFACE ERROR REPORT (Report IDs for this report are: FMCB004B, FMCB04B7, FMCB04B8, & FMCB04BB) runs daily as part of the payment voucher interface cycle. Transactions with errors that occur during the interface process will not pass to CAS and will appear on the Error report. The hard copy of the voucher will not print until the error is corrected. Errors that are not corrected will stay on the report until corrective action is taken. AFNS clients will refer to the *AFNS Integration Error Manual* to correct any errors on the reports. Contact the AFNS Hotline at (334) 242-2686 for additional assistance.

NON-AMS Agencies Only
The complexity of each NON-AMS accounting system requires that these agencies be responsible for their data. They will insure that the voucher data is interfaced to CAS in the appropriate format and with CAS codes. Each agency should have a copy of the file layouts for CAS. For additional assistance contact Integration Support at (334) 242-4857.

For additional information on Payment Vouchers see Chapter 6.

1-5 INTEGRATION FOR JOURNAL VOUCHERS

Accounting journal vouchers are used to make adjustments in account coding, to make transfers, to record cost allocations and to record year-end accruals and adjustments for the Combined Annual Financial Report (CAFR). Payroll journal vouchers record the accounting affects of payroll transactions processed in GHRS.

A. ACCOUNTING JOURNAL VOUCHERS

AFNS Agencies Only
The Integration process takes the accepted AFNS transactions and converts the coding to CAS account coding using the crosswalk tables. These transactions will be added to the CAS Suspense file (SUSF) during the Nightly Cycle (NCYC). This process will NOT send JVs if the transaction ID has OT (alpha character O) in the first two positions of the transaction ID. OT JVs will allow the agencies to make entries into AFNS without affecting CAS data. For additional information contact the AFNS Hotline at (334) 242-2686.

NON-AMS Agencies Only
The complexity of each NON-AMS accounting system requires that these agencies be responsible for their data. They will insure that the journal voucher data is integrated to CAS in the appropriate format and with CAS codes. Each agency should have a copy of the file layouts for CAS. For additional assistance contact Integration Support at (334) 242-4857.

B. PAYROLL JOURNAL VOUCHERS

AFNS and NON-AMS Agencies
GHRS creates JVs with CAS account coding which are integrated to CAS. At the same time GHRS creates another set of JVs with each agency's account coding and these are integrated to the department's accounting system. The AFNS payroll JVs will NOT go through integration from the AFNS agency's accounting system to CAS. Integration's edit will not send JVs with BW, SM and MO in the first two positions of the transaction ID.

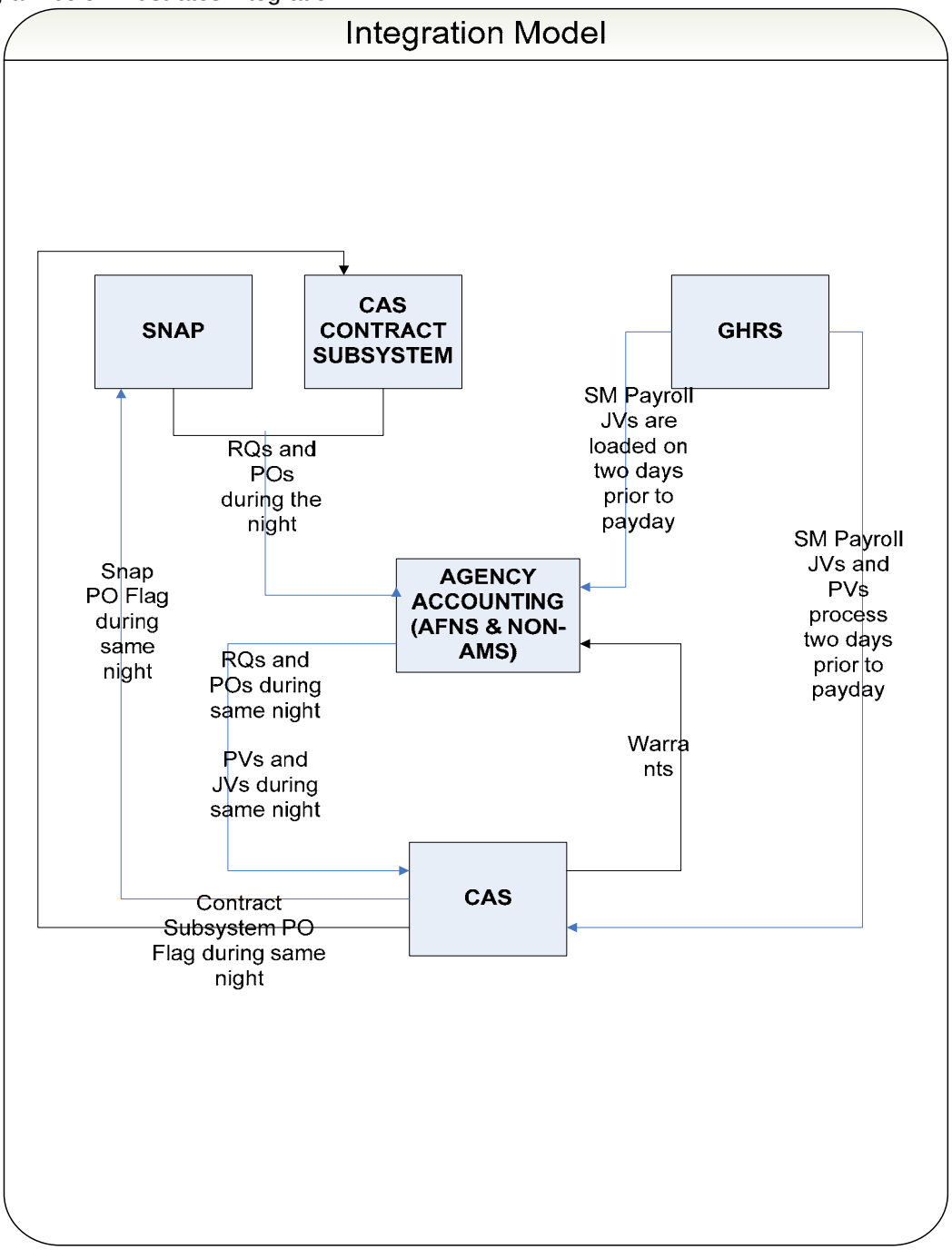
C. ERROR REPORT FOR AFNS CLIENTS ONLY

The *AFNS TO CAS, JOURNAL VOUCHER ERRORS* (INCB003L) runs daily as part of the JV interface cycle. Errors that occur during this process will flag the transaction not to pass the data to CAS. The hard copy of the JV will not print until the error is corrected. Errors that are not corrected will stay on the 3L error report until an action is taken. AFNS clients should refer to the *AFNS Integration Error Manual* to correct errors on the report. Contact the AFNS Hotline at (334) 242-2686 for additional assistance.

1-6 INTEGRATION MODEL AND SCHEDULE

A. INTEGRATION MODEL

The diagram below illustrates integration.



B. NIGHTLY CYCLE

CAS, AFNS, GHRS and SNAP process transactions in a Nightly Cycle. The nightly cycle processes between five p.m. and eight a.m. Monday through Friday except some holidays such as New Year's Eve. Time frames referred to as windows are set for each component to have their data ready for the next component to pick up and process. Components that are unable to complete the whole nightly cycle within their window will continue to run until it has completed all processing. Integration will pick up the data that is ready at the end of their window. Data that are created after their window will be held in a file and will be picked up after the next nightly cycle run along with the new data. The following is the schedule.

Integration Schedule

WINDOW	COMPONENT	DESCRIPTION
5:15 p.m.	GHRS	"Comes Down" and runs backup.
6:00 p.m.	SNAP	"Comes Down" and runs backup.
6:15 p.m.	AFNS	"Comes Down" and runs backup.
7:00 p.m.	CAS	"Comes Down" and runs backup.
7:30 p.m.	SNAP	Nightly cycle runs to create RQs and POs. Contract Subsystem runs at the same time.
	INTG	Integration passes requisitions and purchase orders to the agencies accounting system.
8:30 p.m.-11:45 p.m.	AFNS	Agency Accounting System Nightly Cycle
11:00 p.m.	Non-AMS	Non-AMS agencies must have data file ready.
	INTG	Integration passes data to CAS.
12:15 a.m.-6:00 a.m.	CAS	Central Accounting System Nightly Cycle
	INTG	Integration passes the encumbered purchase order flag to procurement system.
6:00 a.m.-7:00 a.m.	SNAP	Procurement system prints hard copy of the purchase order.
6:15 a.m.-7:00 a.m.	AFNS	Agency accounting system is ready for the agencies.
7:00 a.m.	CAS	Central Accounting System is ready for the agencies.
7:00 a.m.	SNAP	Procurement System is ready for the agencies.
7:00 a.m.	GHRS	Payroll/Personnel system is ready for the agencies.
8:00 a.m.	Agency Accounting Warrant data is ready for the	
NOTE: GHRS "Comes Down" at 2:45 p.m. until 7:00 a.m. on approximately the third day before payday.		

CHAPTER 2
BUDGETING

2-1 STATUTORY AUTHORITY

The Executive Budget Office (EBO) of the Department of Finance by statute is responsible for preparing the initial information concerning the state budget and its execution, revenue estimates, review of appropriation acts and fiscal analyses. The EBO also assists the Director of Finance and the Governor in the formulation of the budget; analyzes and revises the estimates of revenues and requests for appropriations of all state agencies; and supervises and coordinates the expenditures and other fiscal operations of the agencies.

2-2 THE BUDGETING PROCESS

A. OVERVIEW OF THE BUDGETING PROCESS

Formulation of the budget begins with the preparation of estimates of expenditure requirements for the next fiscal year by the administrative head of each budgeted agency. These estimates are submitted annually to the EBO on or before the first day of the third month preceding each regular session of the Legislature. Annually, the EBO provides to the agencies a set of instructions and forms for preparing a budget request. The budget is prepared for each fund, appropriation unit and activity by major object of expenditure in accordance with the state-level chart of accounts. The Budget Management Act is described fully in *Code of Alabama 1975, §*41-19-1 through 41-19-12.

A detailed statement showing actual agency revenue for the preceding year and estimated revenue for the current and next fiscal year must be submitted by each budgeted agency. The agency is required to provide a personnel classification budget request form showing employees (full-time equivalents) and amounts by classification.

The EBO, after receiving the agency budget requests, prepares a tentative budget not later than the first day of the second month preceding each regular session of the Legislature. In its preparation, the EBO utilizes revenue forecasts prepared by the staff, state officials, and other consultants and economists. After the budget hearings are held, the Governor finalizes the budget recommendations. Consideration is given to the revenue estimates prepared by the Department of Finance, the estimated expenditure requirements submitted by the state agencies, the proposed budget recommendations made by the EBO, and to the testimony given at the budget hearings.

The budget document, as recommended by the Governor, is published and transmitted to the Legislature on or before the second legislative day of each regular session. The budget document is comprised of three parts. Part I contains the Governor's budget message and pertinent fiscal data. Part II provides the detailed recommended appropriations for each agency and institution. Part III contains proposed appropriation bills and revenue bills which are needed to implement the recommendations made in Parts I and II. The appropriation bills indicate the programmatic appropriation to each agency and institution and the sources of funds from which each appropriation is to be paid. The appropriation recommendations, subject to alteration by the Legislature, are adopted by the Legislature as the Appropriation Acts. The Appropriation Acts identify the source of funding and programmatic (functional) areas for which expenditures are authorized. Both the Alabama Constitution and the statutes require a balanced budget for annual financial operations. In the event that revenue collections do not meet revenue projections, the Governor is required to prorate appropriations and restrict allotments to prevent an overdraft or deficit in the fiscal year for which appropriations are made.

B. APPROPRIATIONS

Appropriations are primarily determined each year with the passage of the two major appropriation bills. Alabama's annual Appropriation Acts include legally adopted budgets for the General Fund, the Education Trust Fund (ETF) and other budgeted funds. State agencies may not spend more than the amount appropriated by the Legislature. An agency also may receive a supplemental appropriation through a separate appropriation bill.

Appropriations--the authorization for an agency to make expenditures and to incur obligations for specific purposes--are made at a program level. In the state level accounting system, Central Accounting System (CAS), these programmatic appropriations are captured through an appropriation unit. The EBO is responsible for administering the appropriations. Prior to the beginning of each fiscal year, the EBO will enter the appropriation amounts into the state-level accounting and budgeting system (CAS) by fund, appropriation unit, and (in some cases) organization for each agency.

C. ALLOTMENTS

An allotment is a quarterly division of the agency's appropriation into amounts that may be encumbered or expended during a fiscal quarter. Agencies may not spend more than the year-to-date allotment amount for each fund, appropriation unit, and (in some cases) organization. Allotments are determined from the budgeted quarterly amount on the agency's operations plan as approved by the EBO. If an agency does not spend all of the allotment in a quarter, the unused allotment amount will carry over and will be available for expenditure in the next quarter, but only within the same fiscal year.

At any point in the year, the amount available for expenditure is determined by the year-to-date allotment amount minus year-to-date expenditures and purchase orders. Purchase orders are an obligation of state funds and encumber or reserve a portion of the annual appropriation and allotments.

D. OPERATIONS PLANS AND EXPENSE BUDGETS

1. OPERATIONS PLANS

After the passage of the appropriation bills, each state agency is required to prepare an annual plan for the operation of each of its authorized programs. The purpose of the Operations Plan is to ensure that the objectives of the Legislature's appropriations are met. The fulfillment of these intentions is monitored by the preparation of quarterly budgets based on Legislative appropriations. In accordance with the Budget Management Act, *Code of Alabama 1975, §*41-19-1 through 41-19-12, the EBO Staff reviews and analyzes each agency Operations Plan. The purposes of the review are to determine that it is consistent with policy decisions of the Governor and appropriations made by the Legislature; to ensure that it reflects proper planning and efficient management methods; and to ensure that appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year.

Each agency must prepare an Operations Plan, budgeting expenditures by quarter for each fund, appropriation unit, activity, organization (in some cases), and by major object code of expenditure. The Operations Plans provide the foundation for establishing budgetary control in CAS through original appropriations, quarterly allotments, and expense budgets.

An Operations Plan for each fund, appropriation unit, activity, and (in some cases) organization must be approved by the agency head and compiled into an agency Operations Plan representing the annual operating budget for the fiscal year. The Operations Plan identifies the personnel costs, employee benefits, travel, supplies, equipment purchases, and other expenditures by major object. Expenditures and purchase orders in any major object code shall not exceed the total annual amount budgeted on the Operations Plan for that major object, fund, appropriation unit, and (in some cases) organization. A monthly Budget Management Report (P440) is made available to each agency. This report shows the variance between year-to-date expenditures and amounts budgeted by the agency in the Operations Plan.

The Department of Finance approves the Operations Plan when the plan meets the above requirements. Otherwise, the Finance Department will require a revision of the plan in whole or in part. The Director of Finance may also modify or withhold the planned expenditures at any time during the appropriation period if it is determined that the expenditures are greater than necessary to execute programs at the level authorized by the Governor and the Legislature, or that the revenues and resources will be insufficient to meet the authorized expenditure levels. The Department of Finance allots funds quarterly based upon the Operations Plan; therefore, emphasis is placed on estimating the quarterly allotment needs of each agency by fund, appropriation unit, and (in some cases) organization.

2. DEVELOPMENT OF AGENCY OPERATIONS PLANS

Annually, departments and agencies receive a set of instructions from the EBO for preparing Operations Plans and Performance Reports. The agency head will allocate appropriations to each activity in the agency based on the amount appropriated by the Legislature for each program (appropriation unit). An Operations Plan must be submitted for every appropriation unit, activity, fund, and (in some cases) organization utilized by the agency.

The agency must complete the following forms. An example of each of the forms is included in Section 2-6.

-Operations Plan - EBO Form 8
-Employee Staffing Plan - EBO Form 9

3. EXPENSE BUDGETS

The state-level accounting system, CAS, uses expense budgets, which control spending against the approved appropriation (program) amount by major object code. The annual amount budgeted on the Operations Plan for each major object code within an agency, fund, appropriation unit, and (in some cases) organization comprises an expense budget line in CAS. The sum of the annual major object code amounts (expense budget lines) will equal the appropriation amount.

As transactions are processed throughout the year, the total of expenditures and purchase orders may not exceed the expense budget line in CAS. For example, if an agency budgeted $600 for object code 0500 (Repairs and Maintenance) and has expended $500 against object code 0500, a purchase order or expenditure exceeding $100 against object code 0500 will not be processed because of insufficient budget authority.

The obligated amount may not exceed the amount of budget authority at the major object code level. The obligated amount is defined as:

OBLIGATED AMOUNT = EXPENDED AMOUNT + ENCUMBERED AMOUNT

The expended amount is the total of transactions (payment vouchers, journal vouchers, etc.) that have been processed in CAS for the budget fiscal year. The encumbered amount is the total amount of all outstanding purchase orders and contracts. The pre-encumbered amount is the total amount of all outstanding requisition amounts and does not obligate budget authority.

4. APPROPRIATION, ALLOTMENT AND OPERATIONS PLAN REVISIONS

Revisions are necessary when:

a) Additional dollars are received during the fiscal year, which were not included in the original Operations Plan (for example, additional federal grant monies).

b) Additional allotment is needed in the current or a subsequent quarter in addition to what was included in the original Operations Plan.

c) Adjustments between line items of major object codes are necessary to better reflect expenditures. This type of revision affects the Operations Plan and Expense Budget.

d) A reduction in appropriation and allotment is necessary due to proration or a shortfall in receipts.

e) An appropriation unit (program) change is requested by the agency and approved by the Governor.

The Department of Finance, with the approval of the Governor, may revise an appropriation either upon the written request of an agency or upon the initiative of the Department of Finance or the Governor. Appropriation revisions must be documented using an Allotment/Appropriation Revision (EBO Form 101) signed by the department head. After approval by the Governor, the current appropriation in CAS will be modified to include the increase or decrease. A copy of the approved EBO Form 101 will be forwarded to the agency. Any change in an appropriation amount also requires a revision to the agency Operations Plan (EBO Form 8).

Allotments may be revised during the fiscal year. A revision to an allotment requires a modification to the Operations Plan (EBO Form 8) and an Allotment/Appropriation Revision (EBO Form 101). An example of each of these forms is included in Section 2-6.

Operations Plan revisions may be made only in the <u>current</u> <u>and/or remaining quarters.</u> No revisions will be accepted for prior quarters. Operations Plan revisions should be prepared on EBO Form 8 and submitted to the EBO with an indication in the upper left corner that the form is a revision. Revisions should be numbered sequentially and dated, with number one indicating the first requested revision after the submission of the original Operations Plan. An updated Operations Plan will be available to the department at the end of each month (P421).

The EBO Form 8 revision must reflect only the <u>amount of change</u>, not the revised numbers. All totals must balance. Any change that reduces a previous amount should be shown in brackets. Changes, which affect “Total Expenditures”, must also balance with changes to the "Source of Funds." The following information should be provided: fiscal year, agency name, agency number, fund name, fund number, appropriation unit name, appropriation unit number, activity name, activity number, and in some cases budget organization name and number, and the reason for the revision.

5. PERFORMANCE REPORT

The Budget Management Act (*Code of Alabama 1975*, §41-19-10) mandates that the Department of Finance reports quarterly to the Governor and the Legislature on the operations of each state agency relating actual accomplishments to those planned. Therefore, the Department of Finance requires a quarterly list of agency performance indicators in conjunction with the Operations Plan. At the end of each quarter, every agency will submit the SMART Quarterly Performance Report to the Executive Planning Office to report actual completed performance for each of the indicators.

E. UNLAWFUL USE OF APPROPRIATIONS

It is unlawful for any trustee, commissioner, director, manager, building committee, or other officer or person connected with any department, institution, bureau, board, commission, or other state agency to expend any appropriation for any purpose other than that for which the money was appropriated, budgeted, and allotted.

If the Governor determines that any department or other state agency has used appropriations for any purpose other than that for which the money was appropriated, budgeted, and allotted, the Governor has the power and authority to suspend all appropriations and allotments. This suspension may remain in effect until the diverted or wrongfully expended funds have been replaced (*Code of Alabama 1975*, §41-4-95).

F. EMERGENCY APPROPRIATIONS

The General Appropriation Bills contain a specific sum (not to exceed two percent of the total appropriation bill) for emergency appropriations. If a department or agency makes a request for an allotment to be made to the department from the Departmental Emergency Fund, this request must be in writing to the Director of Finance. These allotments may be made only for authorized purposes for which no specific appropriation has been made or for which an insufficient appropriation was inadvertently made (*Code of Alabama 1975, §*41-4-94).

G. USE OF DEPARTMENT AND INSTITUTION RECEIPTS

All fees, receipts, and income collected or received by a department, board, bureau, commission, agency, office, or institution of the State are to be deposited into the State Treasury unless exempted by statute. These funds are deposited to the credit of the General Fund or other fund as required by law. These funds are not subject to withdrawal by the department except as appropriated and allotted (*Code of Alabama 1975*, §41-4-92).

A department or agency may not increase its appropriation to expend any revenue derived from the sale, trade-in, or exchange of personal property, unless appropriation authority is specifically authorized.

H. APPROPRIATION TRANSFERS

Changes between programs (appropriation units) by an agency or department may only be made by the Governor. These transfers and changes are reported to the Legislature quarterly (*Code of Alabama 1975, §*41-19-10). A department or agency requesting a program transfer must make a written request to the Governor through the Director of Finance. The request for transfer should be accompanied by an Operations Plan Revision as described above in Section 2-2, D4.

2-3 REVERSIONS

By statute, all unencumbered balances of all appropriations revert to the State Treasury at the end of each fiscal year and are credited to the General Fund or the special fund from which the appropriations were made. The exceptions to this are: appropriations for the purchase of land or the erection of buildings and new construction or highway department maintenance of roads and bridges in the state highway system. These appropriations continue in effect until completion of the project for which the appropriations were made (*Code of Alabama 1975*, §41-4-93). Encumbered balances revert to the fund from which the appropriation was originally made one year following the close of the fiscal year the encumbrance was made in, except capital outlay appropriations.

A. YEAR-END ENCUMBRANCE PROCEDURES

On September 30 of each fiscal year, all unencumbered monies will revert to the General Fund or other fund from which the appropriation was made. During the last quarter of the fiscal year, departments should review the Encumbrance and Liquidation Report for open purchase orders that should be closed and for other adjustments. This report will be used to determine the up-to-date encumbered and unencumbered balances by fund. An encumbrance is an account used to record the amount of purchase orders and contracts that are chargeable to an appropriation. Encumbrances are commitments related to unperformed contracts and do not include unenforceable commitments or intentions to spend. Therefore, requisitions and other intentions to spend money are not to be included as part of the encumbered fund balance at year end.

The Division of Purchasing will establish a deadline for accepting requisitions for the current fiscal year. The Division of Purchasing will also establish a date in September on which all existing requisitions must be converted to purchase orders and revisions sent to State Purchasing Office for processing. Requisitions remaining after this date will be deleted and must be resubmitted in the subsequent fiscal year.

B. YEAR-END ACCOUNTS PAYABLE

Prior to September 30, all agencies will provide a list of accounts payable to the Comptroller's Office. Accounts payables represent a liability of the state for goods and services received but not paid for by the end of the fiscal year. Accounts payable, which are charged by agency, fund, appropriation unit, organization code (in some cases), and major object code, will reserve a portion of the fund balance to adequately cover these liabilities.

C. THE THIRTEENTH ACCOUNTING PERIOD

The State's accounting records remain open for a two-month period following September 30. The purpose of this period, termed the thirteenth accounting period, is to allow the payment of outstanding obligations at year-end and to permit other accounting adjustments before the issuance of state-level financial statements.

D. ACCURACY OF REVERSIONS

The head of each department is responsible for the accuracy of the amount of money to be reverted. The Examiners of Public Accounts will audit each department as to the accuracy of the reversion amount and the validity of the encumbrance amounts and year-end accounts payable.

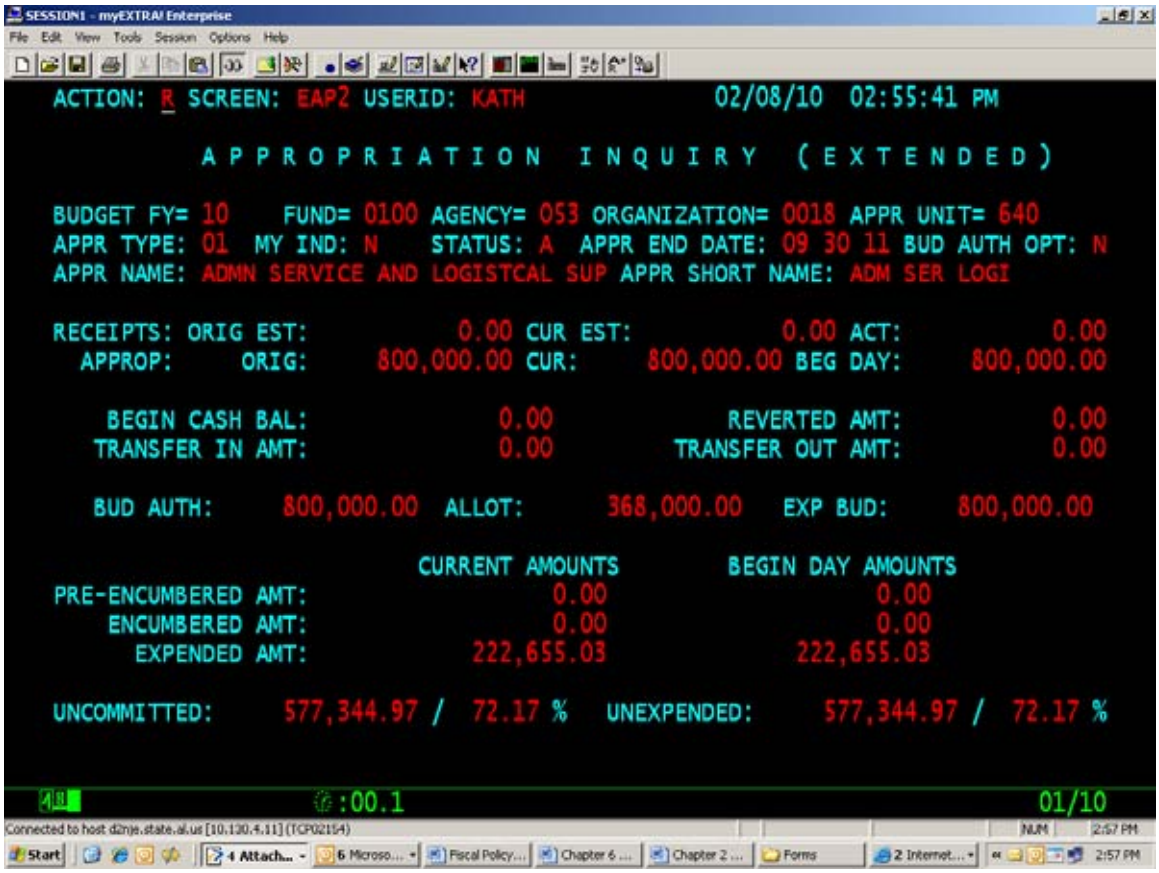
2-4 MANAGEMENT REPORTS

A monthly Budget Management Report (P440) is made available to each agency. This report shows the variance between year-to-date obligations (expenditures plus encumbrances) and amounts budgeted by the agency. The report also shows the amount of pre-encumbrances, which, added to obligations, equals commitments. The variance between year-to-date commitments and budgeted amounts is also shown.

2-5 TABLE LOOK-UP

A. EAP2-APPROPRIATION TABLE

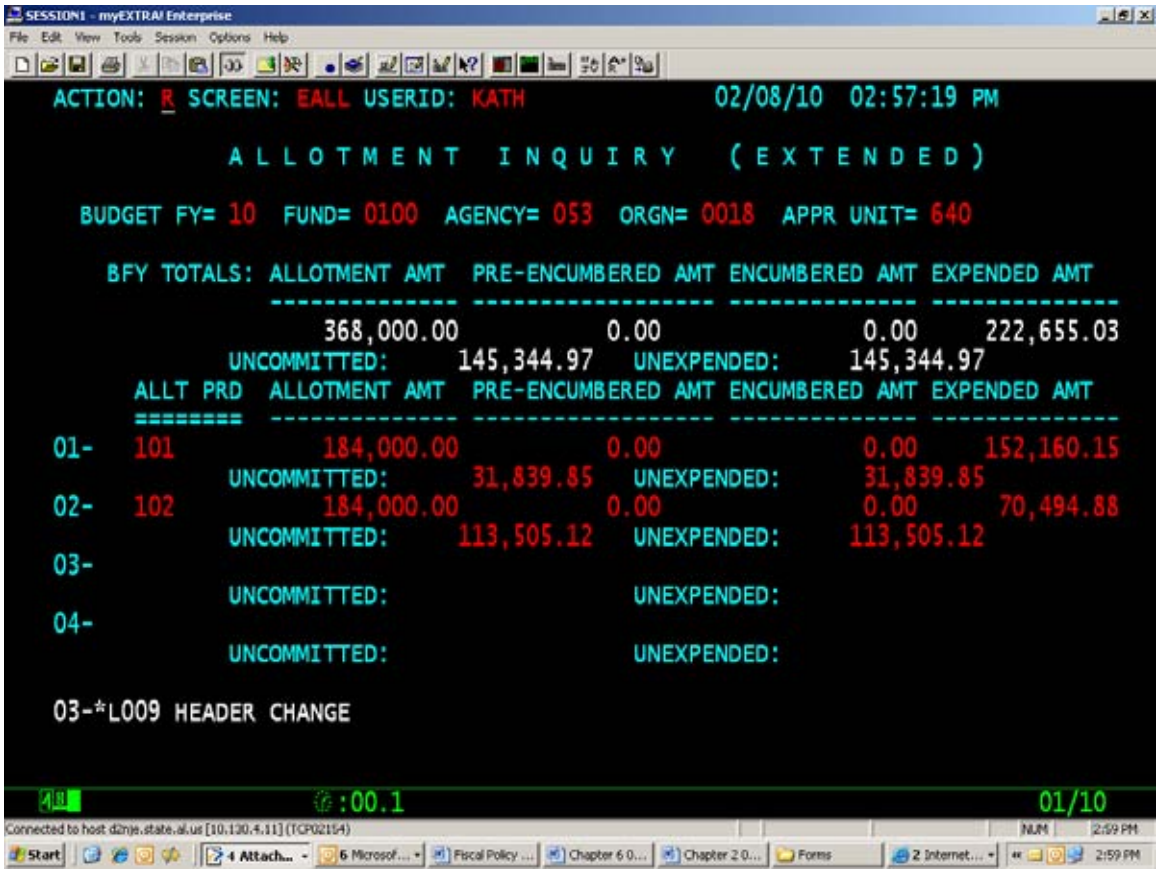
On-line inquiry of appropriations is available through the Appropriation Table (EAP2) in CAS. The individual appropriation budgets for each agency, fund and appropriation unit are recorded in the EAP2 table. This table captures all budgetary and expenditure transactions that occur against an appropriation. This includes the original appropriation amount, modified appropriation amount, allotment and expense budget amounts, encumbered amounts, and expended amounts against each appropriation unit.



Approp: Orig:	Original appropriation
Approp: Cur:	YTD appropriation (includes any revisions)
Pre-Encumbered Amt:	YTD purchase requisition balances outstanding
Encumbered Amt:	YTD purchase order balances outstanding
Expended Amt:	YTD expenditures
Uncommitted:	Uncommitted budget authority (YTD appropriation minus sum of (Expended Amt + Encumbered Amt + Pre-encumbered Amt))
Unexpended:	Available budget authority (YTD appropriation minus sum of (Expended Amt + Encumbered Amt))

B. EALL - ALLOTMENT TABLE

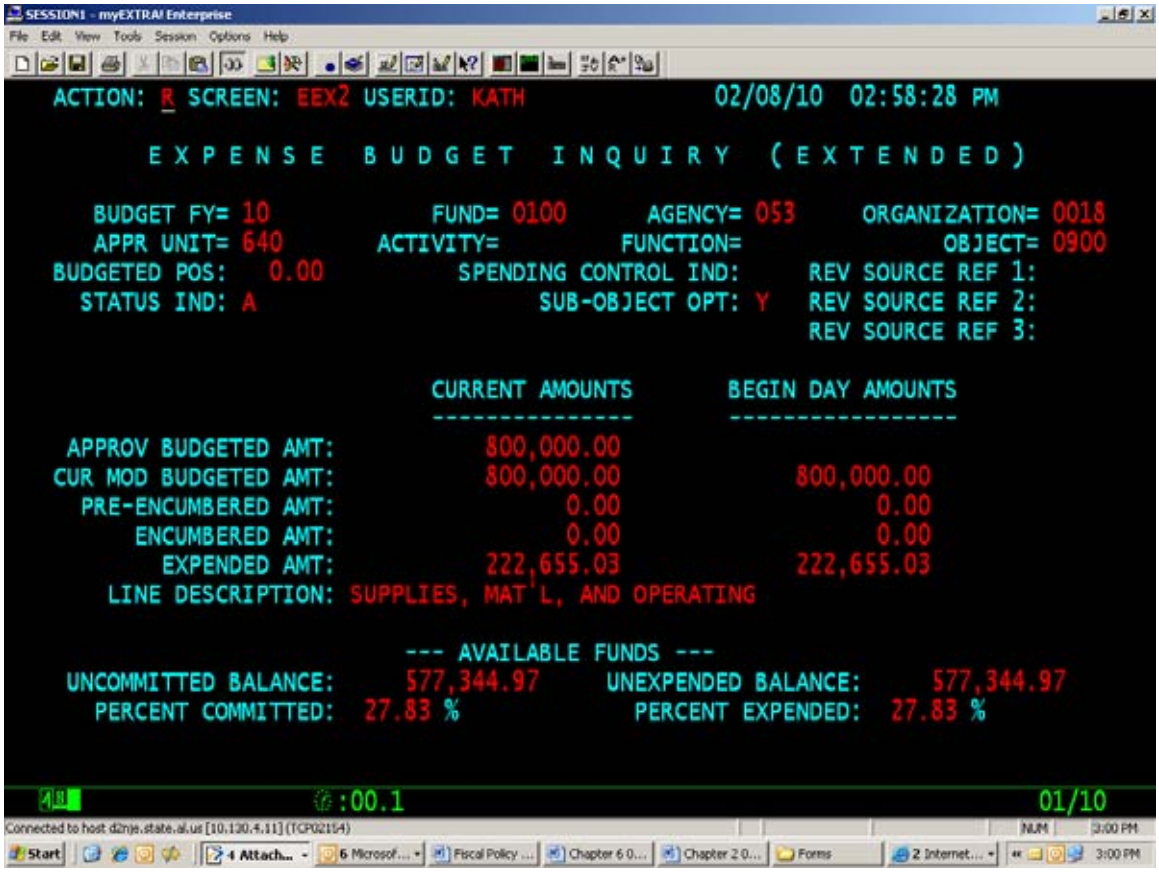
On-line inquiry of allotments is available through the Allotment Table (EALL) in CAS. The individual allotment amounts for each agency, fund, and appropriation unit are recorded in the EALL table. This table captures the expended, encumbered, and pre-encumbered amounts against each allotment by fund and appropriation unit.



ALLT Prd:	Budget Fiscal Year
Allotment Amt:	YTD allotment authority
Pre-encumbered Amt:	YTD purchase requisition balances outstanding
Encumbered Amt:	YTD purchase order balances outstanding
Expended Amt:	YTD expenditures
Uncommitted:	Uncommitted allotment authority (YTD allotment minus sum of (Expended Amt +Encumbered Amt + Pre-encumbered Amt))
Unexpended:	Available allotment authority (YTD allotment minus sum of (Expended Amt + Encumbered Amt))

C. EEX2 - EXPENSE BUDGET TABLE

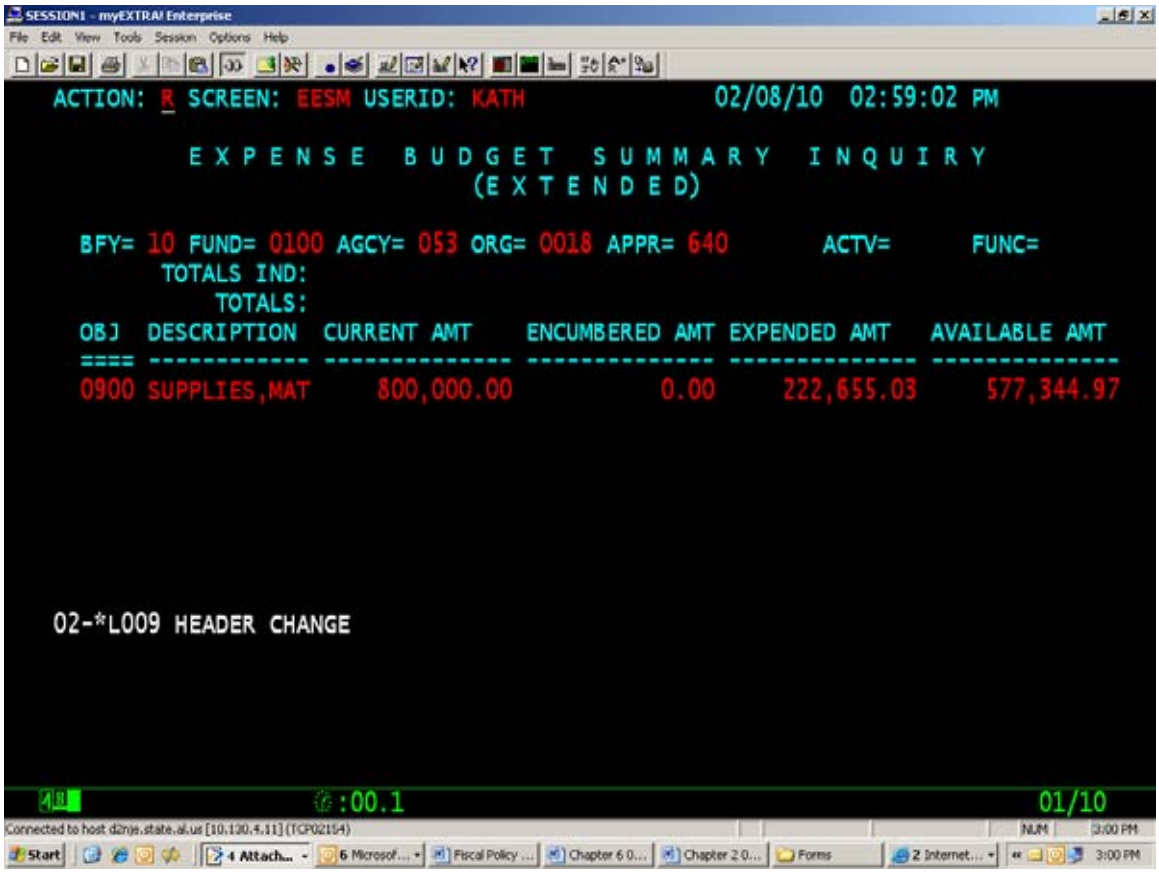
On-line inquiry of individual expense budget lines is available through the Expense Budget Table (EEX2). This table captures all budgetary and expenditure transactions that occur against the expense budget line.



Approv Budgeted Amt:	Original expense budget amount
Cur Mod Budgeted Amt:	YTD expense budget (includes any revisions)
Pre-encumbered Amt:	YTD purchase requisition balances outstanding
Encumbered Amt:	YTD purchase order balances outstanding
Expended Amt:	YTD expenditures
Uncommitted Balance:	Uncommitted expense budget authority (YTD expense budget minus sum of (Expended Amt + Encumbered Amt + Pre-Encumbered Amt))
Unexpended Balance:	Unexpended expense budget authority (YTD expense budget minus sum of (Expended Amt + Encumbered Amt))

D. EESM - EXPENSE BUDGET SUMMARY TABLE

On-line inquiry of the summary of expense budget lines is available through the Expense Budget Summary Table (EESM) in CAS. This table includes a summary of the amount budgeted, encumbered, expended, and available by major object. The EESM table may be accessed by fund, agency, and appropriation unit.



E. OBPL - OBLIGATION PLAN TABLE

On-line inquiry of Operations Plans is available through the Obligation Plan Table (OBPL) in CAS. This table includes the Operations Plan for each agency by fund, appropriation unit, activity, and organization (in some cases).

2-6 BUDGETING FORMS

Examples of the budgeting forms are included on the following pages. Agencies should use the forms and detailed instructions provided annually by the Executive Budget Office to prepare and to revise the Operations Plan.

EXHIBIT 2-6-1
OPERATIONS PLAN (EBO FORM 8)

State of Alabama
EBO Form No. 8
Revision No. _____
Date _____

Agency No. _____

OPERATIONS PLAN
Fiscal Year _____

Agency Name _____

Appropriation Unit Name _____ Appropriation Unit No. _____
Activity Name _____ Activity No: _____
Budget Org. Name _____ Budget Org No. _____

Objective:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Number of Employees					
Code No. **Expenditures By Major Objects:**					
01 Personnel Costs					
02 Employee Benefits					
03 Travel-in-State					
04 Travel-Out-of-State					
05 Repairs and Maintenance					
06 Rentals and Leases					
07 Utilities and Communication					
08 Professional Services					
09 Supplies, Materials and Operating Expenses					
10 Transportation Equipment Operations					
11 Grants and Benefits					
12 Capital Outlay					
13 Transportation Equipment Purchases					
14 Other Equipment Purchases					
15 Debt Service					
16 Miscellaneous					
TOTAL EXPENDITURES					
SOURCE OF FUNDS: Fund No Fund Name:					
TOTAL SOURCE OF FUNDS					

EBO USE ONLY

DATE: _____
A: _____

Approved: _____
Date

Revised 6/92

EXHIBIT 2-6-2
EMPLOYEE STAFFING PLAN (EBO FORM 9)

EBO Form No. 9
Revision No. ____

EMPLOYEE STAFFING PLAN
FISCAL YEAR _____
AGENCY NAME _____

CLASSIFICATION	CLASS CODE	10/1/2009 NUMBER FULL-TIME EMPLOYEES	9/30/2010 NUMBER FULL-TIME EMPLOYEES	10/1/2009 NUMBER PART-TIME EMPLOYEES	9/30/2010 NUMBER PART-TIME EMPLOYEES	FY 2009 TOTAL ANNUAL SALARY	FY 2010 TOTAL ANNUAL SALARY

EXHIBIT 2-6-3
EXAMPLE OF
QUARTERLY PERFORMANCE REPORT

Go to www.smart.alabama.gov for more information.

Tuesday, February 24, 2009
EBO Form 10

FY 09 SMART Quarterly Performance Report

Multi-level Agency

Page 1 of 22

Agency:	**010 - Finance, Department of**	**Program:**	**917 - FISCAL MANAGEMENT**
Organization:	-	**Activity:**	-
Mission:	To provide accountability through superior fiscal management, reporting, budgeting, purchasing and support to the Executive, Legislative and Judicial branches of government, user agencies and the citizens of Alabama.		

Workload Measures and Quarterly Projections

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Annual	
Workload Measure	**Projected**	**Actual**	**Projected**	**Actual***	**Projected**	**Actual***	**Projected**	**Actual***	**Projected**	**Actual***
W1: # of Transactions processed (Comptroller)	1517500	N/A	1517500		1517500		1517500		6070000	
W2: Number of 'buying events' (Purchasing)	5326	N/A	5326		5326		5327		21305	
W3: Number of budget transactions (Budget)	1500	1436	1700		1800		5000		10000	

* Actual workload data is not currently available for this quarter.

EXHIBIT 2-6-4
REVISION TO OPERATIONS PLAN (EBO FORM 101)

EBO FORM NO. 101
(Attachment to Operations Plan)

FOR EBO USE ONLY

Agency No. _____ Revision No. _____

Date _____

Request is hereby made for a revision to the Fiscal Year _____ allotment and/or appropriation for the

_____
(Agency Name)

_____ QUARTER (CURRENT QUARTER) ALLOTMENT REVISION:

Fund No. (4 digits)			
Appropriation Unit No. (3 digits)			
Budget Organization No. (4 digits)			
Amount			

Remarks: _____

APPROPRIATION REVISION:

Fund No. (4 digits)			
Appropriation Unit No. (3 digits)			
Budget Organization No. (4 digits)			

Type of Appropriation Revision

1. Supplemental appropriation from State General Fund Act No. _____			
2. Supplemental appropriation from Education Trust Fund Act No. _____			
3. Departmental Receipts			
4. Federal Receipts			
5. Special Act No. _____			
6. Transfer			
7. Proration			
8. Other _____			
Total Appropriation Revision			

Remarks: _____

APPROVED:

AGENCY HEAD	ASSISTANT FINANCE DIRECTOR	GOVERNOR
DATE: _____	_____	_____

(Submit original and 1 copy to EBO)
Revised 6/98

CHAPTER 3
RECEIPTS

3-1 STATUTORY REQUIREMENTS

All fees, receipts and income collected or received by any State department or agency are deposited into the State Treasury or an approved state depository to the credit of a special fund as required by law (*Code of Alabama 1975*, §41-4-92, as amended). The State Comptroller's Office, Division of Control and Accounts, is charged with controlling and recording all payments into and out of the State Treasury and each special fund and account. The Division of Control and Accounts also audits currently all receipts and receivables (*Code of Alabama 1975*, §41-4-50, as amended).

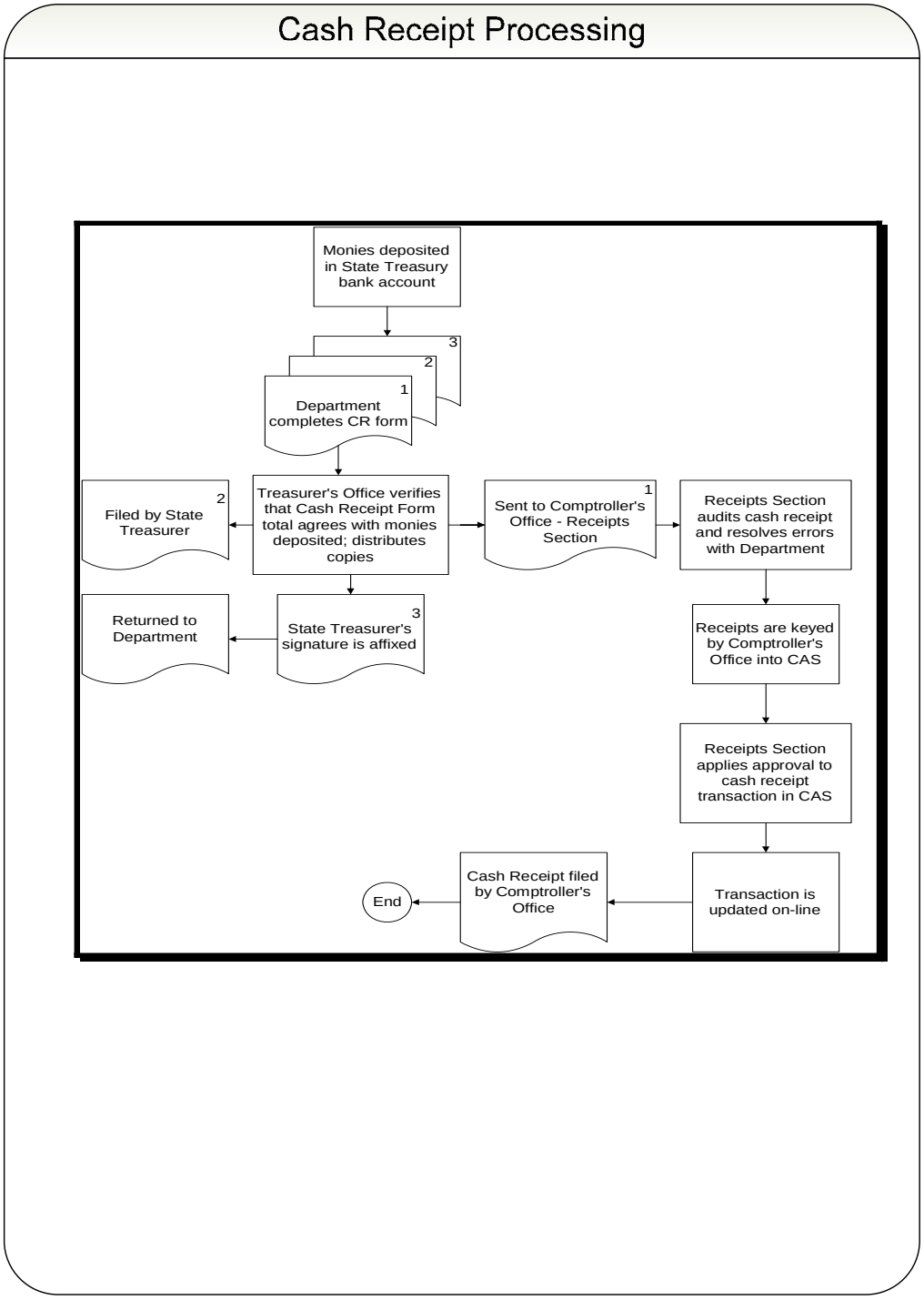
3-2 DOCUMENT FLOW OF CASH RECEIPTS

The department or agency will deposit monies received in a State Treasury bank account. The depositing department will then prepare and code Cash Receipt Form FRMS-7 in triplicate. This form, along with the deposit documentation, should be taken to the State Treasurer’s Office. Often, monies may have been previously deposited in a State Treasury bank account but no cash receipt document was submitted or processed. The Treasury, however, was provided with documentation of the deposit. These uncertified deposits are commonly called “board items.” When these deposits are to be certified by the Treasury, the department or agency will complete the Cash Receipt Form FRMS-7 and submit to the State Treasurer’s Office. The Treasurer’s Office will verify that the amount deposited (or previously deposited for “board items”) agrees with the stated amount on the Cash Receipt Form. The Treasurer's Office will retain the second copy of the FRMS-7 and affix the State Treasurer's signature on the third copy, which will be returned to the agency as the departmental file copy.

The Treasurer's Office will submit the first copy of the FRMS-7 to the State Comptroller's Office. The Receipts Section of the Comptroller's Office will review the Cash Receipt Form for valid account coding and overall completeness. This copy of the form will be used to enter the revenue and receipt data into CAS and will be retained by the Comptroller's Office.

The following day, receipts are keyed into CAS by the Comptroller's Office. For any errors encountered, an accountant in the Receipts Section will contact the agency to obtain the necessary information to make the correction. Once the receipts have been corrected, the Receipts Section will approve the cash receipts and update them into CAS during the day. The following flow chart presents an overview of cash receipt processing (Exhibit 3-2-1).

EXHIBIT 3-2-1
CASH RECEIPT PROCESSING



3-3 TYPES OF CASH RECEIPTS AND ACCOUNTING EFFECTS

A. GENERAL

The cash receipt (CR) document is used in CAS to record all receipts collected by departments and agencies. The CR is used to record revenues and other financing sources such as bond proceeds. The CR document also is used to record balance sheet receipts and refunds of disbursements. When making a deposit to the credit of any fund, a Cash Receipt Form (FRMS-7) must be completed. The form is designed to accommodate all types of receipts on one document. This form provides information to the Comptroller and Treasurer's Offices regarding account coding and amount of the deposit.

The Treasurer's Office receives receipt documents between the hours of 9:00 and 11:30 a.m. and 1:00 and 2:00 p.m. each business day. Departments located outside Montgomery may mail their CR forms and deposit documentation to the Treasurer's Office.

B. TYPES OF RECEIPTS

Receipts are categorized into three main types: revenues and other financing sources, balance sheet receipts, and refunds of current year disbursements.

1. REVENUE AND OTHER SOURCES

a. Revenues

Deposits of revenues include taxes, fees, fines, interest, rent, grants, and federal funds. The required codes for revenues are fund, agency, and revenue source code. If deposits are being made to the General Fund or the Educational Trust Fund (ETF), the fund number should be Fund 0100 for the General Fund and Fund 0200 for the ETF. If the revenue is a county receipt, the provider code must be entered to show the collecting city, county, or county agent. Detailed use of provider codes is described in Section C.

The accounting effects of depositing a revenue are a debit to the Cash account and a credit to the Collected Revenues account.

b. Other Financing Sources - Bond Proceeds

The proceeds from bond issues are not revenues but are other financing sources for the department or agency. The required codes are fund, agency, and revenue source code 0750.

The accounting effects of the deposit are debit to Cash account and credit to Bond Proceeds account.

c. Refunds of Prior Year Disbursements

If a department receives a refund of monies disbursed in error in a prior year or during the 13th accounting period but received after the 13th accounting period for that year has closed, the deposit will be coded as a refund of prior year disbursements. The required codes are: fund, agency, and revenue source code 0684. The accounting effects of the deposit are a debit to the Cash account and a credit to the Prior Year Refunds account. Refunds of prior year disbursements received while the 13th accounting period for that year is open should be coded as shown in Section 3-3, B3.

2. BALANCE SHEET RECEIPTS

Cash receipts that involve a balance sheet account are not revenue. The proceeds from the liquidation of investments and agency fund receipts are two examples of balance sheet receipts.

a. Investment Proceeds

To deposit the proceeds of an investment liquidation, the required codes are fund, agency, and balance sheet account. The accounting effects of the deposit are a debit to the Cash account and a credit to the Investments account.

b. Agency Fund Receipts

An agency fund type accounts for assets held for other funds, governments, or individuals. Agency funds have no revenues, expenditures, or fund balances. The required codes are: fund, agency, and balance sheet liability account. For example, if sales taxes are deposited to an agency fund, the liability account Sales Taxes Collections (7080) should be entered as the balance sheet code. The accounting effects of the deposit are a debit to the Cash account and a credit to the Sales Taxes Collections account.

c. Refunds of Salary Overpayments

If an employee is incorrectly overpaid, the employee may refund the money to the state. The department or agency will calculate the amount to be refunded by subtracting the appropriate payroll taxes and retirement contribution from the gross amount of the overpayment. The department will deposit the refund by completing the cash receipt form and including the following codes: fund - Payroll Fund 0900, agency 000, and balance sheet account - Salary Refunds Payable, 9050. The organization, appropriation, activity, object, sub-object, and revenue source codes will be left blank.

A Salary Overpayment Refunds Form (Form FRMS-25) and an extra copy of the Cash Receipt Form (Form FRMS-7) will be submitted to the Treasurer's Office as an attachment to the Cash Receipt Form. Two copies of the Salary Overpayment Refunds Form should be provided for each refund being deposited. This form provides the information needed to refund the taxes withheld to the department. The information on the form allows the correction of the employee's year-to-date earnings for correct reporting on the employee's W-2 form. After adjusting the payroll system, the Comptroller's Office will refund to the department the net amount of the overpayment refunded by the employee, the applicable withholding taxes, and the employer's share of the FICA and Medicare tax with an interfund transfer. A department will obtain refunds from vendors for the amounts deducted for the payment of retirement, insurance, or other deductions.

The accounting effects of the deposit to the Payroll Fund are a debit to the Cash account and a credit to the Salary Refunds Payable account.

3. REFUNDS OF CURRENT YEAR DISBURSEMENTS

If a department receives a refund of monies disbursed in error during the current fiscal year and charged to the current budget year, such as an overpayment to a vendor, the cash receipt form must be coded exactly as the original disbursement and include: fund, agency, organization (if applicable), appropriation, activity, expenditure object, sub-object, and vendor code.

If a department receives a refund of monies disbursed in error in the prior year but received in the current year while the 13th accounting period is open, the cash receipt form should be coded exactly as the original disbursement with the prior budget year indicated in the upper right-hand section of the cash receipt form. If the refund is received after the 13th accounting period has closed, the cash receipt form should be coded as a refund of prior year disbursements (See Section 3-3, B1c).

If, during the 13th accounting period, a department receives a refund of monies disbursed in error during the current year but charged to the 13th accounting period, two cash receipts will be required. The first cash receipt should be a zero dollar cash receipt and be coded (along with other required codes) to the 13th accounting period as follows:

ACCOUNTING PERIOD 13XX BUDGET FY XX

LINE	EXP OBJ	SUB OBJ	BALANCE SHEET	AMOUNT	I/D
01			2901	XX	D
02	XX00	XX		XX	I
			TOTAL DEPOSIT	$0.00	

The resulting accounting entry is as follows:

Dr Vouchers Payable Adjustments (BS Account 2901)
Cr Expenditure

The second cash receipt should be as follows (leave accounting period and budget fiscal year blank):

ACCOUNTING PERIOD _____ BUDGET FY _____

LINE	FUND	AGENCY	BALANCE SHEET	AMOUNT
01	0XXX	XXX	2901	XX
			TOTAL DEPOSIT	XX

The resulting accounting entry is as follows:

Dr Cash (BS Account 1001)
Cr Vouchers Payable Adjustments (BS Account 2901)

The net effect of these two receipts is to decrease the original 13th accounting period expenditure and to increase cash in the current fiscal year. The above coding should only be used when the 13th accounting period is open. When closed, the refund should be coded as a refund of prior year disbursements. (See Section 3-3, B1c.)

If a refund is being made by a state employee for overpayment of non-overnight travel expense reimbursement (object code 0300, sub-object 09), the employee's social security number must be entered as the vendor code. (Use the 9-digit social security number plus 2-digit suffix that is in the vendor file.) This code will allow CAS to adjust payments to accurately reflect annual payments, net of any refunds, on the employee's W-2 Form. By including the above codes, CAS will increase the available appropriation by the amount of the refund and decrease the respective expenditure.

The accounting effects of the deposit are a debit to the Cash account and a credit to the Expenditures account.

If the original disbursement was for payment of a purchase order, CAS will not reinstate the purchase order by the amount of the vendor refund. To reinstate the purchase order by the amount of the refund, a purchase order modification to SNAP must be entered (see Purchasing Section 4-7 of this Manual).

C. USE OF THE PROVIDER CODE

If a city, county, or county agent collects the monies being deposited, the cash receipt form should include a provider code to indicate the collecting entity.

If a county is the collecting entity, the three-digit code assigned to each county beginning with the letter C will be used. For example, Autauga County's code is C01.

If a city is the collecting entity, the six-digit code assigned to each city, beginning with the county code in which the city is located, will be used. For example, Baldwin County's code is C02. Bay Minette is a city in Baldwin County. Bay Minette's code is C02001.

If a county agent is the collecting entity, the six-digit code assigned to each county agent will be used. Examples of county agents include probate judges, tax collectors, and court clerks. For example, the Tax Collector for Autauga County is coded as C01100.

The provider codes that have been assigned by the Comptroller's Office can be viewed on-line. These codes are found in CAS in the Provider Table (PROV) (Section 3-6).

D. CORRECTING OR MODIFYING A DEPOSIT

1. GENERAL INSTRUCTIONS

Cash receipt modifications are used to correct or modify deposits. The department must complete a Cash Receipt Form (FRMS-7). A separate cash receipt form should be completed for each certificate being corrected or modified. Corrections or modifications must not be combined on a form used to record a new deposit.

The instructions for making a deposit also apply to correcting or modifying a deposit with the following additions. The department must check the MODIFICATION box on the FRMS-7. The certificate number used on the cash receipt form will be the certificate number assigned at the time of the original deposit. The account codes and line number used on the original deposit must be included. The dollar amount to be entered on a line should be the amount of the increase or the decrease. An existing line on a CR may not be decreased (or increased if the original line is negative) to an amount that is less than $0. The column "I/D" should include an "I" for an increase or a "D" for a decrease. The total deposit amount or correction amount should be entered on the Total Deposit line.

If the deposit correction is to reclassify the deposit from one fund to another fund, the total deposit amount for the correction will be zero dollars. For example, the following deposit entry was made to Fund 0100 and should have been made to Fund 0200. The original incorrect entry was made on line 03. Therefore, the correction must also reference line 03. The correct deposit entry should be entered on the next available line, line 16 in this example.

Line	Fund	Agency	Revenue Source	Line Amount	I/D	Total Deposit Amount
The original entry:						
03	0100	010	0684	1000.00		4000.00
To modify/correct the entry:						
03	0100	010	0684	1000.00	D	
16	0200	010	0684	1000.00	I	
						0.00

A cash receipt modification may be used to correct a prior year deposit while the 13th accounting period is open. Modifications that do not add or remove cash to or from a fund should be coded to the 13th accounting period. Examples of this would include corrections of revenue sources, disbursement objects, and activity codes. However, a modification to reclassify a deposit from one fund to another fund should be coded to the prior budget year only. Leave the accounting period blank.

2. BAD CHECKS

a. Checks Deposited and Returned during current Fiscal Year

Checks deposited that have been returned by the bank for insufficient funds during the current fiscal year will require two cash receipts to be prepared. The first cash receipt will be for a negative amount and be prepared by the Treasurer's Office using the balance sheet account 1215 (Bad Checks Receivable). Assume a $100 bad check was originally deposited to Fund 0346. The first cash receipt will be coded as follows:

Accounting Period _____ Budget FY_____

Fund	Agency	Balance Sheet	Amount	I/D	Total Deposit Amount
0346	053	1215	100.00	D	(100.00)

The Resulting accounting entry is as follows:

Dr. Bad Checks Receivable (BS Account 1215)	100.00	
Cr. Cash (BS Account 1001)		100.00

The cash receipt will update the Central Accounting System (CAS) and will remove cash from the agency's fund. The fund used will be a predetermined fund that the agency has advised the State Treasurer to use for bad checks. The negative receipt should be posted in the agency's accounting system using either the agency's standard numbering sequence or the State Treasurer's certificate of deposit number.

When the original account coding of the bad check is determined, a zero dollar certificate of deposit must be submitted by the agency to correct the coding used by the State Treasurer on the first receipt. This certificate of deposit can be submitted as a modification to the original cash receipt number used when the bad check was first deposited or a new receipt number may be

used. The first line of the cash receipt document should indicate the original account coding of the bad check and have a "D" in the "I/D" column. The second line should reflect balance sheet 1215 and have an "I" in the "I/D" column. Assume the $100.00 bad check indicated above was originally deposited to revenue source 0525. The second cash receipt should be coded as follows:

Accounting Period _____ Budget FY _____

Fund	Agency	Rev Source	Balance Sheet	Amount	I/D	Total Deposit Amount
0346	053	0525		100.00	D	
0346	053		1215	100.00	I	
						0.00

The Resulting accounting entry is as follows:

Dr. Revenue (Rev. Source code 0525) 100.00
Cr. Bad Checks Receivable (BS Account 1215) 100.00

The above correction should be submitted as soon as possible and processed before the end of the current fiscal year. If, however, it is not submitted until the 13th accounting period (for the amount recorded in the prior year to balance sheet 1215), the certificate of deposit should be coded to the 13th accounting period. The increase and decrease must be to the same fund if the receipt is coded to the 13th accounting period. If the increase and decrease are to different funds, the certificate of deposit should be coded to the prior budget fiscal year and the accounting period should be left blank.

b. Checks Deposited in Prior Fiscal year but returned during 13th Accounting Period

Checks deposited in the prior fiscal year that have been returned by the bank for insufficient funds during the 13th accounting period will require two cash receipts to be prepared. The first cash receipt will be for a negative amount and be prepared by the Treasurer's Office using the balance sheet account 1006 (Cash–Reductions for Bad Checks). Assume a $50.00 bad check was originally deposited to Fund 0346 in the prior fiscal year but was returned by the bank in the 13th accounting period. The first cash receipt will be coded as follows (leave accounting period and budget fiscal year blank):

Accounting Period _____ Budget FY _____

Fund	Agency	Balance Sheet	Amount	I/D	Total Deposit Amount
0346	053	1006	50.00	D	(50.00)

The Resulting accounting entry is as follows:

Dr. Cash-Reductions for Bad Checks (BS Account 1006) 50.00
Cr. Cash (BS Account 1001) 50.00

The Cash receipt will update the Central Accounting System (CAS) and will remove cash from the agency's fund. The fund used will be a predetermined fund that the agency has advised the State Treasurer to use for bad checks. The negative receipt should be posted in the agency's accounting system using either the agency's standard numbering sequence or the State Treasurer's certificate of deposit number.

When the original account coding of the bad check is determined, a zero dollar certificate of deposit coded to the 13th accounting period must be submitted by the agency to correct the coding used by the State Treasurer on the first receipt; this will also correct the overstatement of revenue in the prior year due to the deposit of the bad check. This certificate of deposit can be submitted as a modification to the original cash receipt number used when the bad check was first deposited in the prior fiscal year or a new receipt number may be used. The first line of the cash receipt document should indicate the original account coding of the bad check and have a "D" in the "I/D" column. The second line should reflect balance sheet account 1006 and have an "I" in the "I/D" column. Assume the $50.00 bad check indicated above was originally deposited to revenue source 0679. The second cash receipt should be coded to the 13th accounting period as follows:

Accounting Period 13XX Budget FY_____

Fund	Agency	Revenue Source	Balance Sheet	Amount	I/D	Total Deposit Amount
0346	053	0679		50.00	D	
0346	053		1006	50.00	I	
						0.00

The resulting accounting entry is as follows:

Dr. Revenue (Rev. Source Code 0679) 50.00
Cr. Cash Reductions for Bad Checks (BS Account 1006) 50.00

The above correction should be submitted before the end of the 13th accounting period. The increase and decrease must be to the same fund. The fund used on both lines should be the fund used when the bad check was originally deposited in the prior year. If the fund number used by the State Treasurer on the first receipt (the negative certificate of deposit indicated above) was incorrect, it will be the agency's responsibility to modify or correct the Treasurer's negative cash receipt by moving the negative amount to the correct fund. This will ensure that the fund used on the second receipt (the 13th accounting period $0.00 certificate of deposit) will agree with the State Treasurer's negative cash receipt as corrected.

3. ADJUSTMENTS TO PRIOR YEAR CASH IN THE 13TH ACCOUNTING PERIOD

After the end of the fiscal year, no adjustment can be made to cash (Balance Sheet Account 1001) in the 13th accounting period for an overstatement or understatement of cash in the prior year that is due to an error made in the amount of the original certification. However, during the 13th accounting period, this overstatement or understatement of cash in the prior year should be corrected as follows:

Assume that a cash receipt for $100.00 was certified in September 20XX to Fund 0100 and was coded to revenue source 0402 – Miscellaneous Tags. The department is notified in October 20XX that, due to an error in the addition of the checks that made up the deposit , the actual amount deposited in the bank was only $90.00.

Two cash receipts are required to record this $10.00 decrease in cash. The first cash receipt is a zero dollar cash receipt modification and should be coded as follows:

ACCOUNTING PERIOD 13 XX BUDGET FY __

Fund	Agency	Revenue Source	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910	0402		10.00	D	
0100	910		1005	10.00	I	
						0.00

The resulting accounting entry is as follows:

Dr Revenue (Rev Source Code 0402) 10.00
Cr Cash-Corrections to Treasury Cash (BS Account 1005) 10.00

The effect of the above entry is to reduce revenues and cash (BS Account 1005) for FY XX.

The second cash receipt should be coded as follows (leave accounting period and budget fiscal year blank):

ACCOUNTING PERIOD_____ BUDGET FY _____

Fund	Agency	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910	1005	10.00	D	(10.00)

The resulting accounting entry is as follows:

Dr Cash-Corrections to Treasury Cash (BS Account 1005) 10.00
Cr Cash (BS Account 1001) 10.00

The effect of the above entry is to reverse the negative amount in BS Account 1006 created by the first cash receipt modification and decrease cash (BS Account 1001) in the current fiscal year.

If, in the example above, the actual amount of the bank deposit was $110.00, two cash receipts would be required to record this $10.00 increase in cash. The first cash receipt is a zero dollar cash receipt modification and should be coded as follows:

ACCOUNTING PERIOD 13 XX BUDGET FY __

Fund	Agency	Revenue Source	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910		1005	10.00	D	
0100	910	0402		10.00	I	
						0.00

The resulting accounting entry is as follows:

Dr Cash-Corrections to Treasury Cash (BS Account 1005) 10.00
Cr Revenue (Rev Source Code 0402) 10.00

The effect of the above entry is to increase revenues and cash (BS Account 1005) for FY XX.

The second cash receipt should be coded as follows (leave accounting period and budget fiscal year blank):

ACCOUNTING PERIOD_____ BUDGET FY _____

Fund	Agency	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910	1005	10.00	I	10.00

The resulting accounting entry is as follows:

Dr Cash- (BS Account 1001) 10.00
Cr Cash- Corrections to Treasury Cash (BS Account 1005) 10.00

The effect of the above entry is to reverse the positive amount in BS Account 1005 created by the first cash receipt modification and increase cash (BS Account 1001) in the current fiscal year.

3-4 HOW TO COMPLETE A CASH RECEIPT FORM

A Cash Receipt Form (Form FRMS-7) is used for all deposits to the State Treasury and will be completed in triplicate. The department submits all three copies of the CR form and the deposit documentation. The first and second copies will be retained by the Comptroller's and Treasurer's Office. The third copy, signed by the State Treasurer, will be returned to the department submitting the deposit and will be the record of the deposit.

When completing the Cash Receipt Form, the account codes on the CAS chart of accounts maintained by the Division of Control and Accounts must be used.

For all cash receipts: The upper, left, and lower sections of the Cash Receipt Form must be completed for every cash receipt (Exhibit 3-4-1).

For the specific cash receipt type: The account coding in the middle portion of the form (Exhibit 3-4-2) will vary depending on the type of cash receipt. To code Revenues and Other Financing Sources, see instructions 16B through 26B. To code Balance Sheet Receipts, see instructions 16C through 26C. To code Refunds of Current Year Disbursements, see instructions 16D through 26D.

A. GENERAL INSTRUCTIONS

The instructions for item numbers 1 through 15 presented in Exhibit 3-4-1 explain the items that must be completed for all cash receipts.

1. AGENCY NUMBER – 3 digits for the agency code of the department making the deposit.

2. CERTIFICATE NUMBER 8 digits or 11 digits (if using automatic numbering)
   1 digit for the current fiscal year
   (0= fiscal year 2009-2010, 1 = fiscal year 2010-2011).
   7 or 10 digits as follows:
   Manual users and generic AFNS users:
   3 digits for the agency code of the department making the deposit.
   4 or 7 digits for the number sequence used by the department.

   Stand Alone AFNS users and non-AMS users:
   7or 10 digits for the number sequence used by the department.

3. DATE - Date the form for the next workday. The date must be entered as month, day, and year. For example, use 3 22 10 for March 22, 2010.

4. ACCOUNTING PRD - Leave blank and the deposit will be posted to the current accounting period. Only corrections and modifications would be coded to the 13th accounting period. Refer to Section 3-3, B3 and Section 3-3, D for deposits that should be coded to the 13th accounting period.

5. BUDGET FY - Leave blank and the deposit will be posted to the current budget year. Refer to Section 3-3, B3 and Section 3-3, D for deposits that apply to a budget year other than the current year.

6. CHECK IF MODIFICATION - Leave blank if this is not a correction or modification.

7. LN - Enter a two-digit number for each line on the receipt.

8. FUND - Enter the four-digit code of the fund that is to receive the deposit listed on this line.

9. AGCY - Enter the three-digit agency code of the department to receive the deposit on this line. For deposits made to the General Fund (Fund 0100) or the ETF (Fund 0200), enter the agency number of the depositing agency.

10. TOTAL DEPOSIT - Enter the total amount remitted with this form.

11. REMARKS - The remarks area is optional and is for the department's use or for entering explanatory information.

12. DEPARTMENT - Name of the department making the deposit.

13. PREPARED BY - Contact person who prepared the cash receipt form and can answer questions about the deposit.

14. PHONE - Telephone number of contact person.

15. TYPE OF REMITTANCE
    Deposit Slips/Credit Advices/EFT- List total of all deposit slips, credit advices, and EFTs on this line. Prepare an adding machine tape listing each document if more than one is included in the total.

    Board Items- List funds which are “on board” on this line. Do not attach copies of the documents for these funds.

    Less- List checks returned by the bank (bad checks), debit advices and reductions from amounts listed on the two previous lines that are certified on another CR document. Subtract this line from the two previous lines.

    Total - The net total of the various types of remittances should agree with the total deposit entered on Number 10.

The account coding for each of the cash receipt types is presented in the following sections. List cash receipt types in the following order: revenues and other financing sources, balance sheet receipts, and refunds of current year disbursements. Group all deposit lines for each type. For example, list receipt lines for revenues before balance sheet receipts.

EXHIBIT 3-4-1
CERTIFICATE OF DEPOSIT

See instructions for items that must be completed for all cash receipts.

FRMS-7
Rev. 03/2008

Distribution:
Comptroller
Treasurer
Department

CASH RECEIPT
Certificate of Deposit
State of Alabama

CERTIFICATE NO. 1 2
DATE 3
ACCOUNTING PRD 4 **BUDGET FY** 5
CHECK IF MODIFICATION ☐ 6

LN	FUND	AGCY	ORG	APPR	ACTIV-ITY	OBJ	SUB OBJ	REV SRC	REPT CATG	BS ACCT	VENDOR / PROVIDER	AMOUNT	I / D
7	8	9											
											TOTAL DEPOSIT	**10**	

Remarks: 11

Department: 12
Prepared by: 13 Phone: 14

Deposit Slips / Credit Advices / EFT
Board Items
Less 15 ( )
TOTAL 0.00

Approved for Deposit Subject to Verification.

State Comptroller / State Treasurer

B. REVENUES AND OTHER FINANCING SOURCES

Exhibit 3-4-2 illustrates a blank form with instruction reference numbers.

16B. ORG - Leave blank.

17B. APPR - Leave blank.

18B. ACTIVITY - Leave blank.

19B. OBJ - Leave blank

20B. SUB OBJ - Leave blank

21B. REV/SRC - Enter the four-digit revenue source code from the chart of accounts. Select the revenue source code that describes the receipt that is being certified.

22B. REPT CATG - Leave blank.

23B. BS ACCT - Leave blank.

24B. VENDOR/PROVIDER - If the amount on this line involves a city or county receipt, enter the 3 or 6 digit provider code. Refer to Section 3-3, C above which discusses the provider code. Otherwise, leave blank.

25B. AMOUNT - Enter the amount to be credited to the fund listed on this line.

26B. I/D - An I designates that this is an increase to cash. D designates that this is a decrease to cash. If left blank, this line will be an increase. Cash receipt modifications require either a D or an I on every line. If the accounting code on the line is a revenue source, an I will increase revenue and a D will decrease revenue.

C. BALANCE SHEET RECEIPTS

Exhibit 3-4-2 illustrates a blank form with instruction reference numbers.

16C. ORG - Leave blank.

17C. APPR - Leave blank.

18C. ACTIVITY - Leave blank.

19C. OBJ - Leave blank.

20C. SUB OBJ - Leave blank.

21C. REV SRC – Leave Blank

22C. REPT CATG - Leave blank.

23C. BS ACCT - Enter the four-digit balance sheet account number from the CAS chart of accounts. For example, if the deposit is for the proceeds from the sale of domestic corporation stock, enter 1109 as the balance sheet account for the amount of the principal of the investment.

24C. VENDOR/PROVIDER - If the amount on this line involves a city or county receipt, enter the 3 or 6-digit provider code. Refer to Section 3-3, C above which discusses the provider code. Otherwise, leave blank.

25C. AMOUNT - Enter the amount to be credited to the fund listed on this line.

26C. I/D - An I designates that this is an increase to cash. A D designates that this is a decrease to cash. If left blank, the line will be an increase. Cash receipt modifications require either a D or an I on every line. If the accounting code on the line is a liability, an I will increase the liability account and a D will decrease the liability account. However, if the accounting code on the line is an asset, an I will decrease the asset account and a D will increase the asset account.

D. REFUNDS OF CURRENT YEAR DISBURSEMENTS

Exhibit 3-4-2 illustrates a blank form with instruction reference numbers.

16D. ORG - Enter the four-digit organization code, if applicable.

17D. APPR - Enter the three-digit appropriation code of the original disbursement.

18D. ACTIVITY - Enter the four-digit activity code of the original disbursement.

19D. OBJ - Enter the four-digit object code of the original disbursement.

20D. SUB OBJ - Enter the two-digit sub-object of the original disbursement.

21D. REV SRC – Leave blank.

22D. REPT CATG - Leave blank.

23D. BS ACCT - Leave blank.

24D. VENDOR/PROVIDER - Enter the vendor code for the payee to which the warrant was issued.

25D. AMOUNT - Enter the amount to be credited to the fund listed on this line.

26D. I/D - An I designates that this is an increase to cash. A D designates that this is a decrease to cash. If left blank, the line will be an increase. Cash receipt modifications require either a D or an I on every line. If the accounting code on the line is a disbursement object, an I will decrease the expenditure and a D will increase the expenditure.

EXHIBIT 3-4-2
CERTIFICATE OF DEPOSIT

See instructions for specific account coding for each cash receipt type.

B - Revenues and Other Financing Sources
C - Balance Sheet Receipts
D - Refunds of Current Year Disbursements

FRMS-7
Rev. 03/2008

Distribution:
Comptroller
Treasurer
Department

CASH RECEIPT
Certificate of Deposit
State of Alabama

CERTIFICATE NO. _____ _____
DATE _____ _____ _____
ACCOUNTING PRD _____ _____ **BUDGET FY** _____
CHECK IF MODIFICATION ☐

LN	FUND	AGCY	ORG	APPR	ACTIV-ITY	OBJ	SUB OBJ	REV SRC	REPT CATG	BS ACCT	VENDOR / PROVIDER	AMOUNT	I / D
			16	17	18	19	20	21	22	23	24	25	26
											TOTAL DEPOSIT		

Remarks: _____

Department: _____

Prepared by: _____ Phone: _____

Deposit Slips / Credit Advices / EFT _____
Board Items _____
Less (_____)
TOTAL 0.00

Approved for Deposit Subject to Verification.

_____
State Comptroller / State Treasurer

3-5 MANAGEMENT REPORTS

A. DETAIL LISTING OF REVENUES VS. BUDGET (A203)

A monthly report - Detail Listing of Revenues vs. Budget (A203) – is available to each department and lists revenues recognized and cash collected for the current period and the fiscal year-to-date vs. the budgeted amount. (Since currently there is no recorded estimated revenue budget, this field contains zeros.) This report contains only revenues and will not include receipts that are refunds of current year disbursements or balance sheet receipts.

REPORT ID: A203 ** STATE OF ALABAMA ** PAGE NO: 566
RUN DATE: 01/30/10
RUN TIME: 04:12:18
DETAIL LISTING OF REVENUES VS. BUDGET
FOR BUDGET FISCAL YEAR 2010
JANUARY 2010 ACCOUNTING PERIOD

FUND: 0100 GENERAL FUND AGENCY: 910 RECEIPTS SECTION
ORGANIZATION: ORG MGR: ACTIVITY:

REVENUE SOURCE CODE-DESCRIPTION	CURRENT PERIOD REVENUE RECOGNIZED	CURRENT PERIOD CASH COLLECTED	FISCAL YEAR-TO-DATE REVENUE RECOGNIZED	FISCAL YEAR-TO-DATE CASH COLLECTED	BUDGETED AMOUNT	UNRECOGNIZED BUDGET BALANCE	PERCENT
0013 MUNIC CASES	705,310.37	705,310.37	3,172,909.69	3,172,909.69	0	3,172,909.69-	0.00
0020 AUTO TITLE	57.28-	0.00	57.28-	0.00	0	57.28	0.00
0021 DEED TAX	592,661.07	593,632.81	2,072,733.99	2,074,708.80	0	2,072,733.99-	0.00
0022 MINERAL DOC	3,067.64	3,067.64	7,426.02	7,426.02	0	7,426.02-	0.00
0023 MORTGAGE TAX	2,484,341.10	2,486,012.32	8,335,459.08	8,338,107.18	0	8,335,459.08-	0.00
0030 REG AD VAL	47,700,097.23	49,021,347.09	94,545,306.89	95,967,815.76	0	94,545,306.89-	0.00
0031 PRIOR AD VAL	0.00	0.00	27.67	27.67	0	27.67-	0.00
0033 INSOL AD VAL	11,597.22	11,597.22	78,305.41	78,305.41	0	78,305.41-	0.00
0034 LAND RED-ADV	54,649.91	54,649.91	156,621.94	156,621.94	0	156,621.94-	0.00
0035 LITIG AD VAL	7,292.61	7,292.61	131,979.95	131,979.95	0	131,979.95-	0.00
0037 ADVER REDEMP	29,052.80	29,052.80	111,285.71	111,285.71	0	111,285.71-	0.00
0120 FED HOU AUTH	0.00	0.00	1,090.66	1,090.66	0	1,090.66-	0.00
0200 GEN BUS PRIV	339,991.29	339,363.18	4,070,175.96	4,072,200.75	0	4,070,175.96-	0.00
0391 DRIVERS LIC	641,352.27	641,352.27	2,674,399.94	2,674,399.94	0	2,674,399.94-	0.00
0402 MISC TAGS	2,277.46	2,277.46	22,337.11	22,337.11	0	22,337.11-	0.00
0415 MOT VEH-INTG	939,252.79	939,252.79	12,226,171.13	12,226,171.13	0	12,226,171.13-	0.00
0417 MANU HOM FEE	96,172.57	96,172.57	494,665.61	494,665.61	0	494,665.61-	0.00
0471 BID PROPOSAL	1,666.50-	1,666.50-	0.00	0.00	0	0.00	0.00
0477 FEES-D-R-NOC	1,480.43	1,480.43	6,644.16	7,644.16	0	6,644.16-	0.00
0479 CTS ADM FEE	7,557.79	7,557.79	33,125.25	33,125.25	0	33,125.25-	0.00
0491 CRIM HIST FE	1,160.64-	1,160.64-	0.00	0.00	0	0.00	0.00
0525 DOCKET COURT	3,894,480.50	3,894,480.50	18,147,521.10	18,147,521.10	0	18,147,521.10-	0.00
0526 COMM JUD SAL	9,452.71	9,452.71	42,633.84	42,633.84	0	42,633.84-	0.00
0540 JUD ARTICLE	1,375,732.66	1,375,732.66	6,841,584.64	6,841,584.64	0	6,841,584.64-	0.00
0541 BAIL FORFEIT	21,221.50	40,150.91	106,107.48	229,617.76	0	106,107.48-	0.00
0591 CONF PROP	7,819.00	7,819.00	7,819.00	7,819.00	0	7,819.00-	0.00
0601 ABAND PROPTY	0.00	0.00	3.00	3.00	0	3.00-	0.00
0623 INT ST DEP	14,636.56	14,636.56	53,724.59	53,724.59	0	53,724.59-	0.00
0684 PRIOR YR REF	273.53	273.53	3,592.58	3,592.58	0	3,592.58-	0.00
0907 GF UNIDENTIF	151.27-	151.27-	0.00	0.00	0	0.00	0.00
ACTIVITY TOT	58,935,735.32	60,278,986.72	153,343,594.02	154,797,318.25	0	153,343,594.02-	0.00
ORG TOTAL	58,935,735.32	60,278,986.72	153,343,594.02	154,797,318.25	0	153,343,594.02-	0.00
AGENCY TOTAL 910	58,935,735.32	60,278,986.72	153,343,594.02	154,797,318.25	0	153,343,594.02-	0.00

B. MONTHLY AGENCY REVENUE REPORT (RECRAGCY)

A monthly report — is available to each department and lists the detailed transactions for each revenue source in each fund. It also provides an YTD total for each revenue source.

1/30/2010

STATE OF ALABAMA
DEPARTMENT OF FINANCE
DIVISION OF CONTROL & ACCOUNTS
MONTHLY REVENUE REPORT
AGENCY - 067

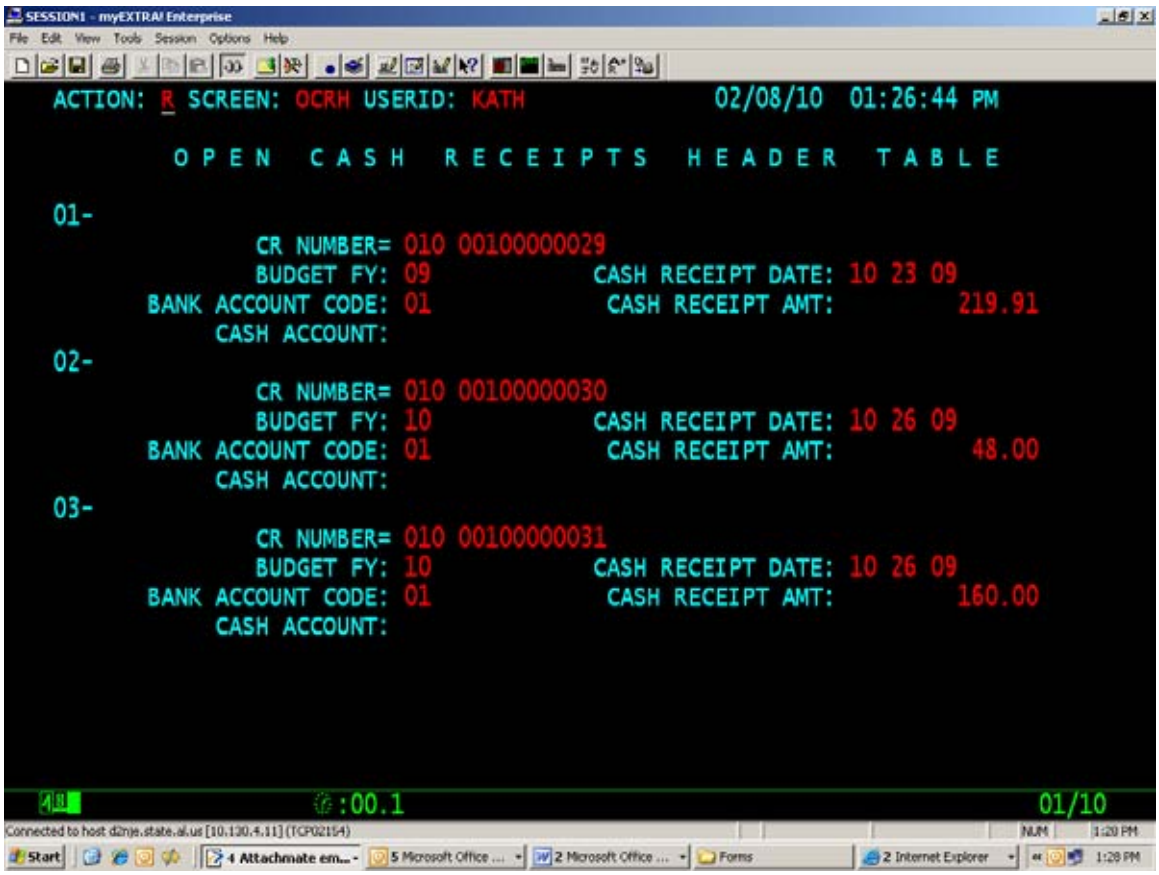
PAGE 380
REPORT ID: RECRAGCY

ACCEPT. DATE	FUND	REV SRC	ACCT TYPE	TRANS CODE	RECEIPT NUMBER	REVENUE AMOUNT	COUNTY/PROVIDER NAME	DESCRIPTION
2010/01/06	0396	0624	31	CR	05700570004	2,916.00		
						2,916.00		
						2,916.00		
2010/01/06	0398	0041	31	JV	830TR3983870	6,980.00-		
2010/01/07	0398	0041	31	CR	019001965011	1,023.67		
2010/01/07	0398	0041	31	CR	019001900134	1,213.10		
2010/01/08	0398	0041	31	CR	019001900134	29,210.12		
2010/01/12	0398	0041	31	CR	019001900134	42.00		
2010/01/12	0398	0041	31	CR	019001965011	6,396.24-		
2010/01/13	0398	0041	31	CR	019001900134	28,991.80-		
2010/01/15	0398	0041	31	CR	019001900134	.01-		
2010/01/14	0398	0041	31	CR	019001900134	16,976.14		
2010/01/16	0398	0041	31	CR	019001900134	117,983.16		
2010/01/18	0398	0041	31	CR	019001900134	7,160.37		
2010/01/20	0398	0041	31	CR	019001900134	16,674.92		
2010/01/20	0398	0041	31	CR	019001965011	6,424.43		
2010/01/21	0398	0041	31	CR	019001965011	212.50		
2010/01/21	0398	0041	31	CR	019001900134	19,214.69		
2010/01/22	0398	0041	31	CR	019001900134	854,176.04		
2010/01/26	0398	0041	31	CR	019001900134	1,826,046.42		
2010/01/26	0398	0041	31	CR	019001900134	42.00		
2010/01/27	0398	0041	31	CR	019001965011	212.50		
2010/01/28	0398	0041	31	CR	019001900134	42.00		
						2,661,472.17		
2010/01/15	0398	0047	31	CR	06300000249	579,240.83		
2010/01/19	0398	0047	31	CR	09200020249	1,265,575.01		
						1,845,275.84		
2010/01/20	0398	0053	31	CR	019001900000	1,316,066.67		
						1,316,066.67		
2010/01/07	0398	0053	31	CR	019001900134	307,324.27		
2010/01/12	0398	0053	31	CR	019001900134	486,624.20		
2010/01/13	0398	0053	31	CR	019001900134	317,368.99		
2010/01/15	0398	0053	31	CR	019001900134	142,742.43		
2010/01/14	0398	0053	31	CR	019001900134	259,672.47		
2010/01/16	0398	0053	31	CR	019001900134	1,169,134.64		
2010/01/16	0398	0053	31	CR	019001965011	653.78		
2010/01/19	0398	0053	31	CR	019001900134	1,831,896.06		
2010/01/20	0398	0053	31	CR	019001900134	26,448,749.31		
2010/01/21	0398	0053	31	CR	019001900134	209,023.34		
						30,391,061.37		
2010/01/06	0398	0790	31	JV	019001900000	102.50		

3-6 TABLE LOOK-UP

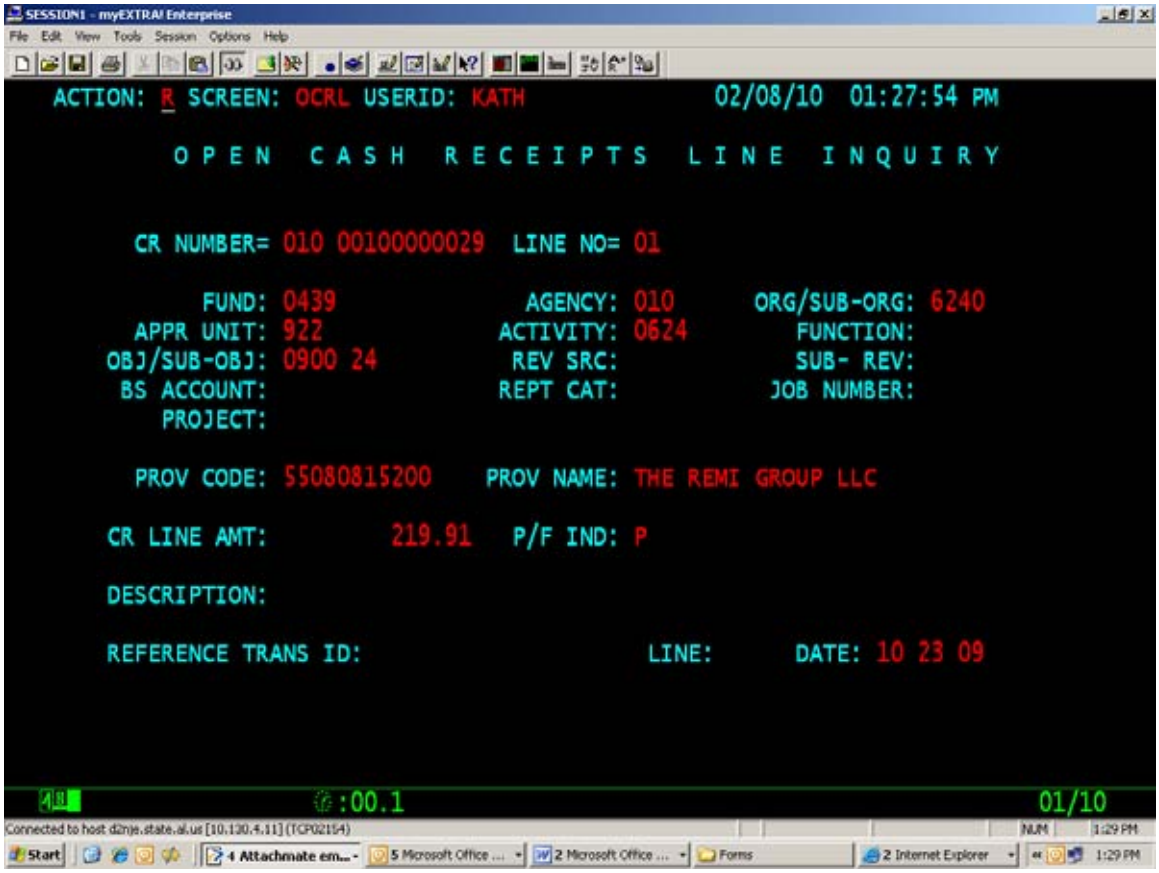
Departments with automated systems may access certain tables in CAS and review detailed information.

A. OPEN CASH RECEIPTS HEADER TABLE (OCRH)



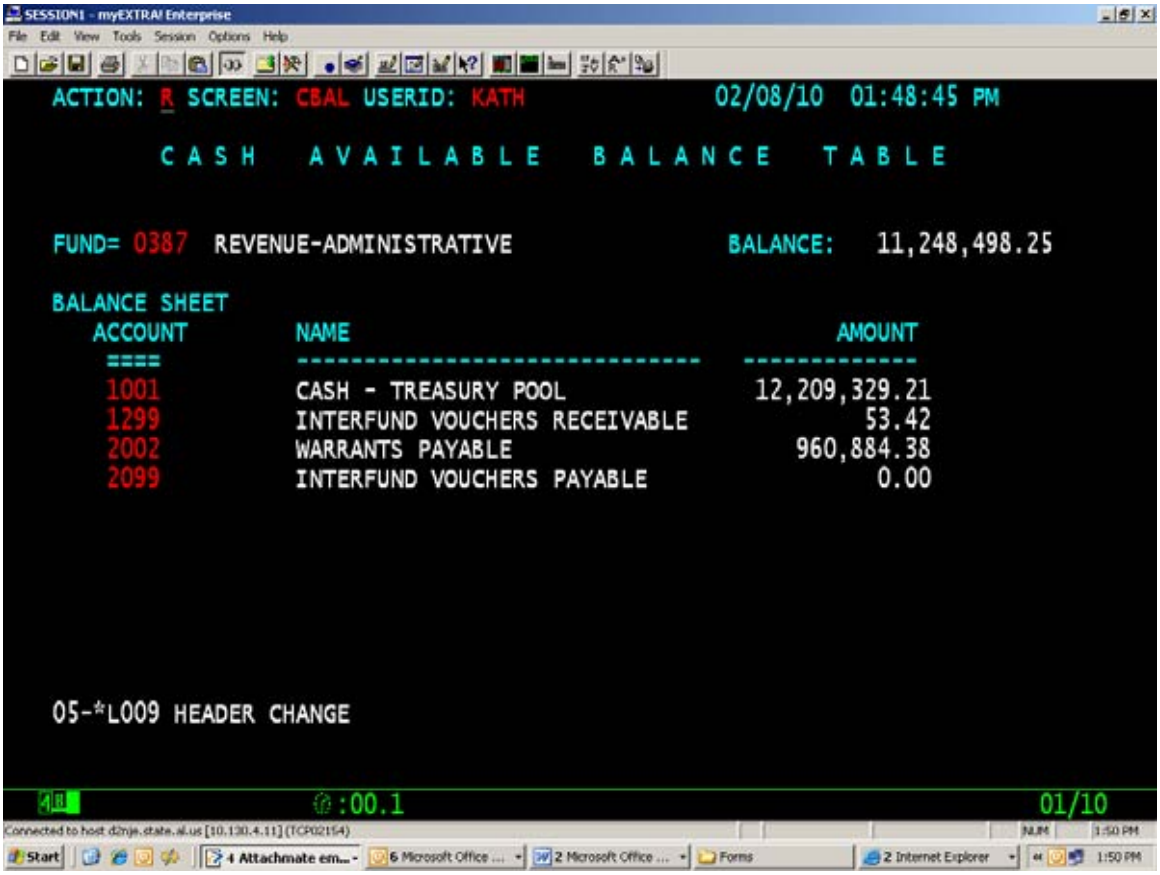
B. OPEN CASH RECEIPTS LINE TABLE (OCRL)

This table provides a line-by-line display of the accounting codes for each cash receipt number used by the agency. This table is useful to review the accounting codes used on a specific cash receipt. For example, if a cash receipt modification is required to correct errors in accounting codes, this table may be viewed to determine how the original cash receipt was coded. After a cash receipt modification has updated, the revised coding will be reflected in this table. If an additional modification is required, use the revised coding as reflected in this table.



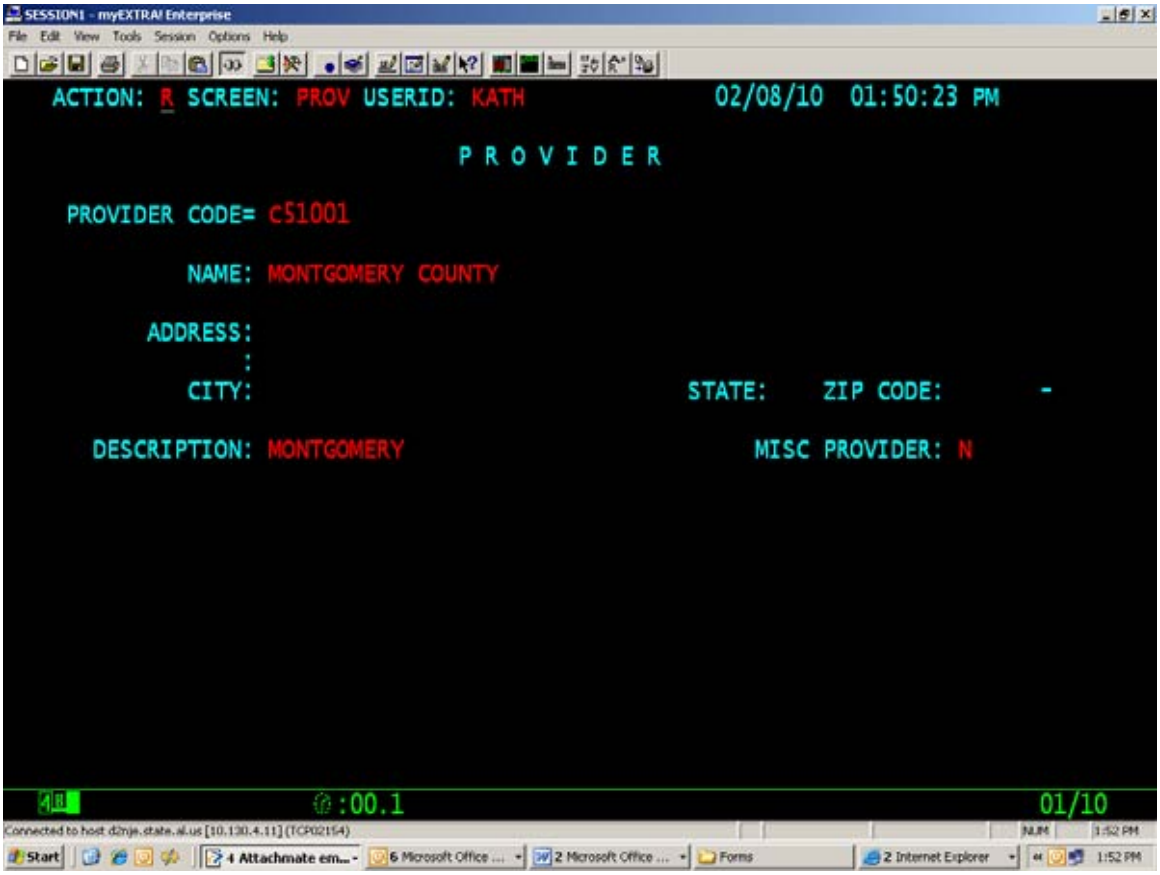
C. CASH BALANCE TABLE (CBAL)

This table presents the cash balance in the Treasury, warrants payable, interfund vouchers receivable, interfund vouchers payable and the available cash balance (cash balance plus interfund vouchers receivable less warrants payable and interfund vouchers payable) for each fund.



D. PROVIDER TABLE (PROV)

This table provides the codes and names of cities, counties, and county agents that collect revenues for the State.



E. REVENUE SUMMARY (RSUM)

This table provides a summary for each fund and agency of the total revenue recognized for the year by revenue source code.

ACTION: R SCREEN: RSUM USERID: KATH 02/08/10 01:52:52 PM

REVENUE BUDGET SUMMARY INQUIRY

BFY= 10 FUND= 0100 AGENCY= 910 ORGANIZATION= ACTIVITY=

TOTALS IND:

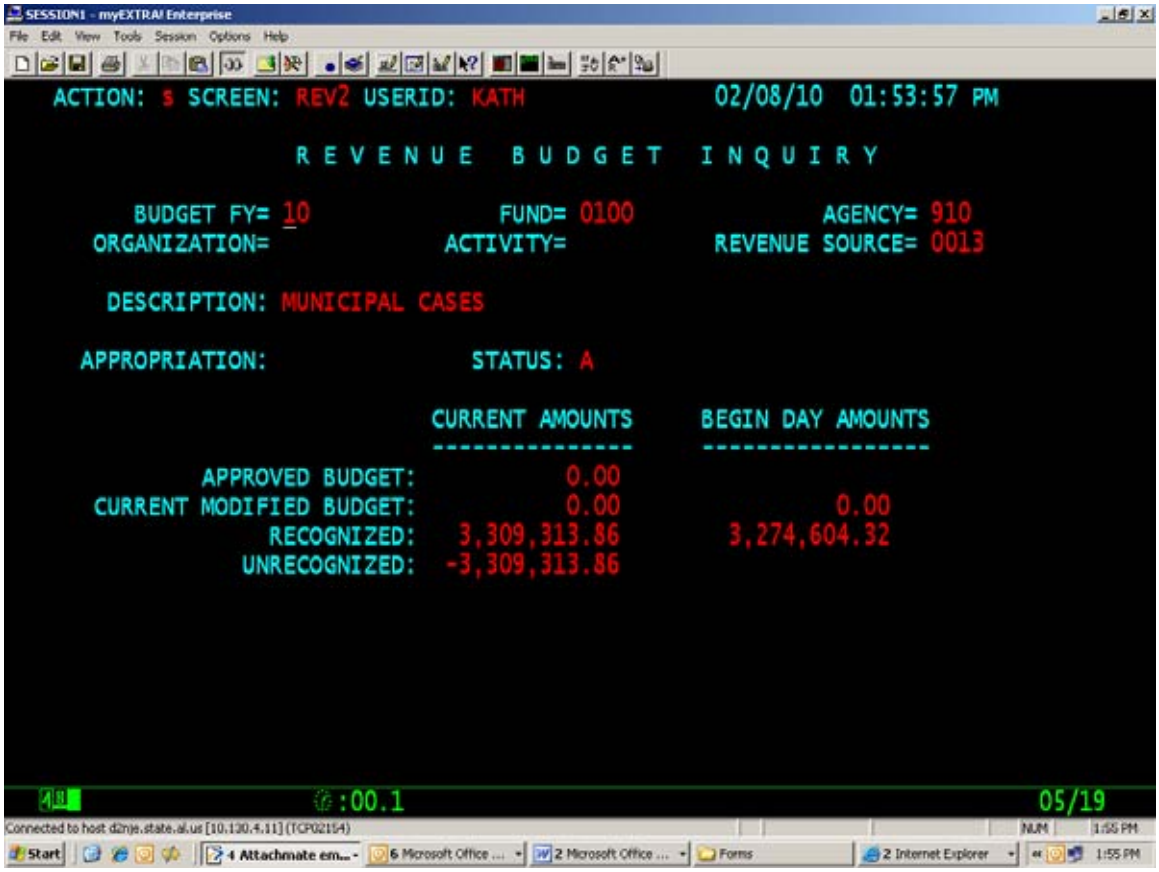
TOTALS:

	REV SRCE	DESCRIPTION	CURRENT AMT	RECOGNIZED AMT	AVAILABLE AMT
01-	0013	MUNIC CASES	0.00	3,309,313.86	-3,309,313.86
02-	0020	AUTO TITLE	0.00	-57.28	57.28
03-	0021	DEED TAX	0.00	2,131,988.12	-2,131,988.12
04-	0022	MINERAL DOC	0.00	7,475.19	-7,475.19
05-	0023	MORTGAGE TAX	0.00	8,522,977.77	-8,522,977.77
06-	0030	REG AD VAL	0.00	96,086,581.58	-96,086,581.58
07-	0031	PRIOR AD VAL	0.00	27.67	-27.67
08-	0033	INSOL AD VAL	0.00	78,306.81	-78,306.81
09-	0034	LAND RED-ADV	0.00	159,501.78	-159,501.78
10-	0035	LITIG AD VAL	0.00	133,255.29	-133,255.29
11-	0037	ADVER REDEMP	0.00	112,856.89	-112,856.89

:00.1 01/10

F. REVENUE BUDGET (REV2)

This table provides the total revenue recognized for the budget fiscal year for each revenue source code used by a fund and agency. Both the current amount and the beginning of the day amount are reflected in this table.



3-7 QUICK REFERENCE FOR CODING REVENUES AND RECEIPTS

R=Required O=Optional B=Leave Blank A=If Applicable

		Revenue and Other Sources	Balance Sheet Receipts	Refunds of Current Year Disbursements
1.	Agency Number	R	R	R
2.	Certificate Number	R	R	R
3.	Date	R	R	R
4.	Accounting Period	B	B	B
5.	Budget Fiscal Year			
	If Current Year	B	B	B
	If Prior Year	B	B	R
6.	Modification?			
	If Yes	R	R	R
	If No	B	B	B
7.	Line Number	R	R	R
8.	Fund	R	R	R
9.	Agency	R	R	R
10.	Total Deposit	R	R	R
11.	Remarks	O	O	O
12.	Department	R	R	R
13.	Prepared by	R	R	R
14.	Phone	R	R	R
15.	Type of Remittance	R	R	R
16.	Organization	B	B	A
17.	Appropriation	B	B	R
18.	Activity	B	B	R
19.	Expenditure Object	B	B	R
20.	Sub-object	B	B	R
21.	Revenue Source	R	B	B
22.	Reporting Category	B	B	B
23.	Balance Sheet Account	B	R	B
24.	Vendor Number	B	B	R
	Provider Code	O	O	
25.	Amount	R	R	R
26.	I/D (Increase/Decrease)			
	If a modification			
	I or D	R	R	R
	If not a modification			
	I	B	B	B
	D	R	R	R

CHAPTER 4
PURCHASING

4-1 AUTHORITY AND RESPONSIBILITY

The Division of Purchasing, Department of Finance is established by statute (*Code of Alabama 1975, §41-4-110-115, as amended*) and is under the direction of the State Purchasing Agent (*State Purchasing Director*). The Division purchases all personal property and nonprofessional services, except alcoholic beverages, for all State departments, boards, bureaus, commissions, agencies, offices and institutions. The Division is also responsible for making and supervising the execution of all contracts and leases for the use and acquisition of any personal property and nonprofessional services. Education and eleemosynary institutions, State Docks and the purchase of alcoholic beverages are exempt from the authority of the Division of Purchasing (Code of Alabama 1975, §41-16-21(b)) as amended.

Sections referenced by a paragraph number are in accordance with the *Code of Alabama 1975*, as amended.

4-2 THE PURCHASING PROCESS

The purchasing process begins with the submission of a requisition to the Division of Purchasing. Agencies that are not on-line with State Network of Automated Procurement (*SNAP*) will submit a Purchase Request form. Agencies that are on-line with SNAP will submit their requisition electronically to Purchasing. SNAP is integrated with the departmental accounting systems (*AFNS and other automated systems*) and the state level accounting system (*CAS*). Before purchase orders are issued to vendors, the accounting systems will ensure the availability of budgetary authority through encumbrance accounting.

4-3 ACCOUNTING AND BUDGETARY EFFECTS

When a requisition is entered into the SNAP system, a pre-encumbrance is created. The effect of a pre-encumbrance is to commit a portion of the department's appropriation at the time the requisition is processed. The pre-encumbrance does not affect the department's cash or allotment balance. The requisition will not be processed through SNAP unless the department has adequate appropriation to cover the amount of the requisition.

Once the requisition is approved and pre-encumbered, it will continue through the purchasing process (*bid procedures, if applicable*). When the process is completed, a purchase order is printed and a copy mailed to the vendor. The process of creating a purchase order reverses out the pre-encumbrance related to the requisition, and creates an encumbrance of the department's funds. The department's appropriation and allotment balances must be adequate to cover the amount of the purchase order. The purchase order will obligate the department's appropriation and allotment by this amount.

4-4 CLASSIFICATION OF PURCHASES

There are three classifications of purchases: Non-commodity Purchases, Commodity Purchases (*Personal Property*), and Services.

A. NON-COMMODITY PURCHASES

The following non-commodity purchases **do not** require requisitions or purchase orders:

Postage
Insurance
Membership Dues
Building Contracts
Real Estate Rental
Salaries and Wages
Post Office Box Rental
Bonds of Officials or Employees
Professional Services (*subject to §41-16-72*)
Department of Transportation Construction Contracts
Utility Services (*gas, water, electricity, telephone*)
Expense Accounts (*transportation, meals, lodging*)
Interdepartmental Purchase of Materials or Services
Subscriptions $500 or less (*periodicals, magazines, books*)

B. COMMODITY PURCHASES (*$500 OR MORE*)

The following commodity purchases must be procured through the Division of Purchasing.

Supplies
Materials
Equipment, Furniture and Fixtures
Subscriptions $500.01 or more (*periodicals, magazines, books*)

C. SERVICES

Purchases of nonprofessional services, other than those excluded by statute, must be procured through the Division of Purchasing. These purchases include but are not limited to:

Repairs $500.01 or more
Maintenance
Equipment Rental
Janitorial Service, Pest Control, Garbage Service, etc.

4-5 PURCHASE OF PERSONAL PROPERTY

A. BID REQUIREMENTS AND EXCEPTIONS

All contracts for labor, nonprofessional services, purchase or lease of materials, equipment, supplies, or other personal property for $7,500.00 or more by any state department, board, bureau, commission, committee, institution, corporation, authority, or office must be let by free and open competitive bidding, on sealed bids, to the lowest responsible bidder *(§41-16-20*).

Competitive bids are not required for the following *(§41-16-21*):

1. Utility services - no competition exists, or rates are fixed by law or ordinance.
2. Insurance by the State (*subject to §41-16-72*).
3. Contracts to secure the services of attorneys, physicians, architects, teachers, appraisers, engineers, consultants, or other individuals possessing a high degree of professional skill (*subject to §41-16-72*).
4. Contracts of employment in the regular civil service of the state.
5. Purchase of alcoholic beverages by the ABC Board.
6. Purchases and contracts for the repair of equipment used in the construction and maintenance of highways by the Department of Transportation.
7. Products made by Alabama Institute for the Deaf and Blind *(§21-2-1 to 4*).
8. Maps, photographs, or other items from a federal agency.
9. Contract services/ personal property when there is only one vendor (*§41-16-75*).
10. Contractual services and purchases of personal property, which by their nature are impossible to award by competitive bidding.
11. Barter transactions by the Department of Corrections.
12. Purchases, contracts, or repairs by the Alabama State Docks when it is determined by the Director of State Docks that such purchases, contracts, or repairs are impractical to award by competitive bidding. The Director of State Docks will provide a signed sworn statement as to the emergency or necessity for negotiation, instead of proceeding by the competitive bidding requirements (*§41-16-21*).

B. PENALTIES FOR RECEIVING GIFTS/BENEFICIAL INTEREST

An employee who has"…any personal beneficial interest, either directly or indirectly, in the purchase of any personal property or contractual service…" or "…by rebate, gifts or otherwise, any money or thing of value whatsoever or any promise... for future reward or compensation…" is in violation of the law. Any violation is a misdemeanor, and upon conviction, the individual may be imprisoned for not more than 12 months or fined not more than $500 or both. The individual will also be removed from office (*§41-16-30*).

C. ADVERTISEMENT/SOLICITATION OF BIDS

The State Purchasing Director is required to advertise for sealed bids on all purchases in excess of $7,499.99 by posting a notice on a bulletin board in the reception area of Division of Purchasing, or by publication of a one time notice in a newspaper published in Montgomery County, Alabama. Under the direction of the State

Purchasing Director notice of sealed bids will be mailed to all Alabama persons, firms, or corporations... and other persons, firms, or corporations the State Purchasing Director deems necessary to insure competition. No purchase or contract involving an amount of $7,500 and greater may be divided into partial contracts to avoid the requirements of this article (*§41-16-24*).

D. LETTING OF CONTRACTS WITHOUT PUBLIC ADVERTISEMENT

In case of emergency affecting the public health, safety, economic welfare, security, or convenience; as declared in writing by the department or agency head, a contract may be let to the extent necessary to meet the emergency without public advertisement. The Comptroller's Office will honor payment for a period of one year from the date of declaration posting; should the emergency continue to exist after a one year time period, it will be necessary to re-declare the emergency (*this one year cycle should be repeated until the emergency is corrected*). The declaration and the reasons for it will be made public by the awarding authority (*§41-16-23 & 41-16-72(6)*). The public declaration must include the following:

1. Code of Alabama Section(s) executed
2. Date and location emergency occurred
3. Description of damage and affect to the health, safety, economic welfare, or inconvenience of the general public of Alabama
4. Estimated date of post-emergency
5. Estimated total cost of emergency correction
6. Name of contractor(s) associated with recovery.

E. AWARD OF CONTRACTS

Purchases made through competitive bidding will be awarded to the lowest responsible bidder, with consideration given to the quality of the commodities, conformity to specifications, terms of delivery, and freight charges. A contract for the purchase of personal property or nonprofessional service will be let for periods no greater than five years. Multiple-awards may be issued, if notice is contained within the competitive bid, when technical compatibility and/or operational specifications are required. (*§41-16-27*)

F. ASSIGNMENT OF CONTRACTS

An awarded contract is not assignable by the bidder without written consent of the awarding authority and the requisitioning agency. A contract cannot be assigned to a bidder whose bid was rejected (§41-16-29).

G. PURCHASE REQUISITION REQUIREMENTS

1. Each item must be identified by a commodity number (*class/sub-class/item number*) if one has been assigned. Refer to the Commodity Database (*COMM*) screen in SNAP to obtain this information, or the CDES screen (*Commodity Description*) listed by the item noun, i.e. Desk, wood, 36"W, 60"L, 30"H, Ladder, extension, aluminum etc. If the item has not been assigned a commodity number, the class/sub-class must be determined and listed on the requisition.

2. The requisition must be signed (*actual or electronic*) by the department head or designee under the statement, "The named articles/services are necessary to be used in conducting public business." The department head must notify the Director of Finance by letter authorizing an employee to sign fiscal documents as designee. A letter must also be on file with the Division of Purchasing, listing the department head and/or designee.

3. All state agencies and all locations have been registered and included in the agency database. The requisition requires the agency number, the "Bill To" number, and one or more "Ship To"

numbers. The Bill To and Ship To numbers must be entered accurately to insure the correct state agency is billed for the item and the correct location receives the goods.

4. The requisition must show the accounting distribution for each appropriation.

5. Sufficient description should be given so that a complete and accurate purchase may be made and a purchase order can be issued on a timely basis. Drawings, specifications, references, and other supporting information should be attached to the requisition.

6. If the purchase is a repeat of a previous purchase, reference the previous purchase order number and/or previous requisition number.

7. Brand names of materials or equipment may be specified to show type of merchandise and level of quality desired.

8. A requisition is to include only items of the same general nature. Example: do not include computer equipment and cleaning supplies or automobile parts and office furniture on the same requisition.

9. Prior to an award, a copy of the bid package is sent to the requesting agency for evaluation. The agency should retain the bid copy; but after evaluation, must supply a detailed award recommendation to the Purchasing Division.

10. The preferred method to receive requisitions is to transmit them electronically through SNAP. SNAP training is offered through the Division of Purchasing.

H. PROCEDURE FOR REQUISITIONS

Initiated through SNAP or Form FD-PUR 1000.

1. LESS THAN THE BID LAW AMOUNT

Requires a minimum of two written valid vendor quotes. Additional written quotes may be obtained at Buyer's discretion. Every effort is to be made to obtain quotes from minority and small business. Quotes must be firm and include the vendor name and FEIN.

2. EXCEEDS THE BID LAW AMOUNT

Purchase options determined by the Division of Purchasing:

a. Sealed Bid
b. Sole Source letters (*Agency and Vendor*) approved by the State Purchasing Director.
c. Exemption from competitive bid by the *Code of Alabama, 1975.*

I. OPEN END/LOCAL DELIVERY REQUISITION

If there is a repetitive need for parts or supplies from a vendor in a particular locale, an open end purchase order may be issued (*e.g., Department may need Ford automobile parts and service in Dothan or crushed limestone in DeKalb County on a regular basis during a fiscal year*). The requisition type will be OP (*Open End*) or LD (*Local Delivery*). A requisition is required for each vendor used in a locale. These requisitions should be submitted well in advance of the actual need. A LD or OP request cannot exceed the competitive bid law limit, unless written approval has been obtained from the State Purchasing Director, whereby another LD or OP request will be issued. The request must indicate the department's employees who are authorized to

sign the delivery order. Once the LD or OP request has been approved, the department can order parts or supplies as needed from the vendor. The department may call or take the specific order to the vendor for the items required.

J. ANNUAL AGREEMENT REQUISITION

The requisition type will be AN (*Annual Agreement*). This request is used when there is an agreement with a vendor to provide rental or maintenance on equipment and other types of services for a specified period of time. A purchase order number will be assigned by SNAP and funds will be encumbered by CAS.

K. CONTRACT RELEASE

The requisition type will be REL (*Contract Release*) since the commodities are on a statewide or agency contract. The description field may include any special delivery instructions. Items may be combined from multiple contracts on the same request if all items are charged to the same fund and the Bill To address is the same. The Ship To addresses may be different as designated by line number.

L. AGENCY AUTHORITY

Purchasing Approval **NOT** Required

Up to $500.00	Materials, supplies, services, contract items, except equipment.
Up to $499.99	All equipment, including contracts, **except when the freight and equipment total $500.00 or more, and weapons.**

Equipment or combination of items from the same vendor costing $500 or more must have Purchasing approval. When using this authority for contract items, they must be purchased from the contract vendor. The agency is to mail or fax a request to the contract vendor for the items needed. When the agency authority is exceeded by the purchase of materials, supplies, equipment or freight, Purchasing approval is required. A letter must be written to the State Purchasing Director for approval explaining the nature and/or circumstances of the purchases and/or approval.

M. ELECTRONIC TELEPHONE AUTHORIZATION

The phone authorization (PA) is initiated through SNAP by on-line agencies. Agencies not on-line are to call the Buyer with all information and the Buyer will enter in SNAP. The phone authorization is to be used for emergency/critical situations only.

1. $500.00 - $3,500.00 Requires a minimum of one (1) written quote. Additional written quotes may be requested at Buyer's discretion.

2. $3,500.01 - $7,499.99 Requires a minimum of two (2) written quotes. Additional written quotes may be requested at Buyer's discretion. When the situation exists where only one vendor is available, it must be indicated on the phone authorization.

When freight charges cause the authorized amount to be exceeded, the Comptroller will allow this charge up to $100.00 except in situations where freight would cause the amount to exceed $7,499.99. When freight charges exceed $100.00, it must have Purchasing approval. When an agency fails to get a phone authorization, or exceeds their authority, a letter must be written to the State Purchasing Director for approval explaining the nature and/or circumstances of the purchase.

N. PURCHASE NEGOTIATIONS

All negotiations pertaining to the purchase of commodities, leases, or lease/purchase agreements are to be handled only by or with the knowledge and consent of the State Purchasing Director. The departments are authorized to obtain price quotations from local vendors and submit these quotes with the requisition. The Division of Purchasing will obtain and furnish information regarding sources of supplies, quotations, or other data, which may be requested.

O. PRODUCTS BY THE ALABAMA INSTITUTE FOR THE DEAF AND BLIND (AIDB)

Whenever products made by the AIDB meet the requirements of the department or agency in terms of quality and quantity, then these products will have preference. These products do not take priority over products produced or manufactured by Alabama Correctional Industries (*Code of Alabama 1975*, §21-2-2, as amended).

P. COMMODITIES ON CONSIGNMENT, DEMONSTRATION, OR FURNISHED GRATIS

Commodities to be used on a trial basis or given without charge for demonstration purposes must always be approved by letter from the State Purchasing Director. The letter must state the terms of the trial basis or demonstration and a statement relieving the State of possible claims for liability, other than vandalism by an employee, or unavoidable circumstances.

Q. REPLACEMENT OF DEFECTIVE PARTS AND EQUIPMENT

The Division of Purchasing must be notified and give approval for the replacement of defective parts or equipment within the manufacturer's guarantee period. The Division will give shipping and handling instructions at the request of the department/agency.

R. ISSUANCE OF PURCHASE ORDERS

A purchase order is issued upon a properly approved and completed requisition. Before the purchase order is printed, the funds are encumbered by the Comptroller's Office. A purchase order is valid only after the State Purchasing Director's signature is affixed.

4-6 PURCHASE REQUEST

The Purchase Request Form FD-PUR 1000 (Exhibit 4-6-1) is used by agencies that are not SNAP generated. It is used to purchase commodities and services in all of the following methods: Purchase Requisition (PR1, PR2), Annual Agreement (AN1, AN2), Open Purchase (OP1, OP2), Local Delivery (LD1, LD2) and Contract Release (REL).

ENTERING THE DATA

REQUISITION TITLE: ..... List the product or service
REQUISITION TYPE:..... Indicate one of the methods above
REQUISITION DATE: ..... Date initiated
AGENCY CONTACT:..... Who to contact for information
AGENCY PHONE: ..... Contact person's number
SUB-AGENCY NO: ..... Number assigned to Agency for Ship To/Bill To
SHIP TO: ..... Actual Delivery Addresses
BILL TO: ..... Actual Address to send invoice

SOLICITATION NO: ..... SNAP generated
SNAP REQ NO: ..... SNAP generated
AGENCY REQ. NO: ..... Agency assigned
FISCAL YEAR: ..... Budget Fiscal year funds are expended

VENDOR: ..... Provide FEIN (Federal Employee ID Number), Name, Address, Phone Number
ACCOUNTING: ..... Enter correct accounting distribution
SIGNATURE: ..... Signed by the department head or designee

IDENTIFY COMPLETELY AND DESCRIBE ITEMS

ESTIMATE UNIT COST: ..... Estimated cost for the item.
QUANTITY & UNIT COST: ..... Number of items and the unit of measure
DESCRIPTION: ..... Include the commodity number (class/sub-class or complete number, if item number assigned), and complete description of item.

TOTAL: ..... Enter total cost of all items

EXHIBIT 4-6-1
FD-PUR 1000
PURCHASE REQUEST

FD-PUR 1000
Rev 01-96

PURCHASE REQUEST

DEPARTMENT OF FINANCE
DIVISION OF PURCHASING

REQUISITION TITLE _____

REQUISITION TYPE _____ SOLICITATION NO _____

REQUISITION DATE _____ SNAP REQ NO _____

AGENCY CONTACT _____ AGENCY REQ NO _____

AGENCY PHONE _____ FISCAL YEAR _____

SUB-AGENCY NO _____ **RECOMMENDED VENDOR**

SHIP TO: FEIN _____

NAME & ADDRESS

_____

_____

_____

PHONE _____

SUB-AGENCY NO _____

BILL TO:

LINE	FUND	ORG	AGCY	APPR	ACT	OBJ	SUB OBJ	%	COMMODITY LINE FROM - TO
01									
02									
03									

The named articles/services are necessary to be used in conducting public business.

_____
DEPARTMENT HEAD

EXHIBIT 4-6-1
CONTINUED

Page _____of_____

Snap Req. No _____ Agency Req No _____

Estimated Unit Cost	Quantity & Unit	ITEM DESCRIPTION - Double Space (Complete commodity Number of Class/Sub-Class must be furnished for each item)

_____
TOTAL

4-7 PURCHASE ORDER CHANGE

Form FD-PUR 1200 (Exhibit 4-7-1) is used to change the following:

-Quantity
-Commodity Number/Description
-Bill To/Ship to Address
-Encumbrance changes
-Accounting distribution (**Use Agency accounting codes)**

All information required above "**Administration Change Text"** is self-explanatory.

Administrative Change Text - Is used for any changes that do not alter encumbrances. Can also be used in conjunction with fiscal changes, i.e., explanation, clarification, etc.

Commodity Line Adjustments:

1. If purchase order was written from a contract, enter contract number.
2. Enter purchase order line number that is being adjusted.
3. Enter contract line number, if applicable.
4. Enter appropriate action to be taken - Decrease or Increase, Amount of Adjustment & Inventory

Space for only two lines are provided on the form. If more line changes are necessary, the back of the form may be used following the same format. The notation "additional lines on back" should be written in the space beside "**Commodity Line Adjustments"**.

Accounting Distribution (Use Agency Accounting Codes):

1. Specify if the accounting line is old (O) or new (N).
2. Enter line number.
3. Enter appropriate AGENCY account codes. Use only the spaces necessary.
4. Indicate if the change is an increase (I) or decrease (D).
5. Enter the amount of the change in dollars and cents, **not percentage**.

Approved:

The Authorized Department Signature must be original.

Division of Purchasing Approval:

Signed by the Buyer.

EXHIBIT 4-7-1
FD-PUR 1200
REQUEST FOR PURCHASE ORDER CHANGE

FD-PUR-1200
Rev. 8-93

STATE OF ALABAMA
REQUEST FOR PURCHASE ORDER CHANGE

TO: Department of Finance
Division of Purchasing

FROM: Agency Name _____ Div. _____
Agency No._____

Purchase Order No. _____
Change No. _____
Request Date _____
Document Type _____
Snap Reg. No. _____
Agency Req. No.. _____
Fiscal Year _____

VENDOR:_____ VENDOR NO._____

ADMINISTRATIVE CHANGE TEXT OR NECESSARY EXPLANATION: _____

_____

_____

_____

_____

_____

COMMODITY LINE ADJUSTMENTS:

Contract No. (If applicable)_____

Purchase Order Line No. _____Contract Line No. _____

☐ Increase ☐ Decrease - Amount of Adjustment $ _____ Inventory Item (Y or N)_____

Purchase Order Line No. _____Contract Line No. _____

☐ Increase ☐ Decrease - Amount of Adjustment $ _____ Inventory Item (Y or N)_____

ACCOUNTING DISTRIBUTION: (USE AGENCY ACCOUNTING CODES)

O \ N	L N	FUND	AGCY	ORG	APPR	ACT	OBJ	SUB OBJ	INT. DEPT. (1)	INT. DEPT. (2)	I / D	AMOUNT

APPROVED:_____
Authorized Department Signature

Instructions: Departments should be aware that only the unliquidated portion of the original encumbrance can be decreased or redistributed. The Accounting Distribution cannot be changed for any P.O. lines if an expenditure has been charged against it.

DIVISION OF PURCHASING APPROVAL

By: _____

Title: _____

Date: _____

CHAPTER 5
CONTRACTS

5-1 INTRODUCTION

The preparation of contracts involving public funds is one of the most involved procedures covered in the law. These instructions are not intended to be All-inclusive, and any omissions or exclusions are not to be regarded as an exemption from the law or regulations. The State department or agency head has sole responsibility for full compliance with the law.

The major purpose of this section of the Manual is to provide procedures for the review, approval, establishment and modification of personal and professional services contracts in the CAS Contract Sub-System. However, there are other contract types that have legal requirements that must be met. The classifications discussed in this chapter summarize the legal requirements that distinguish the contract types for personal and professional service contracts.

5-2 STATUTORY/APPROVAL REQUIREMENTS

A. DISCLOSURE STATEMENT

A Disclosure Statement is required to be filed with all proposals, bids, contracts or grant proposals to the State of Alabama in excess of $5,000.00. In circumstances where a contract is awarded by competitive bid, the Disclosure Statement is required only from the successful bidder and must be submitted within ten days after award (Code of Alabama 1975, §41-16-80 through 88, as amended). See Exhibit 5-4-6.

B. REVIEW BY THE LEGISLATIVE CONTRACT REVIEW OVERSIGHT COMMITTEE

All contracts for personal and professional services must be reviewed by the Oversight Committee within a reasonable time not to exceed 45 days after it has been submitted by the department (*Code of Alabama 1975*, §29-2-41, as amended). Additional information concerning this review can be found in section 5-4C.

C. GOVERNOR'S APPROVAL OF ALL CONTRACTS

All contracts for personal or professional services with private entities or individuals must be approved in writing by the Governor (Governor's Executive Order, August 28, 1957; Attorney General's Opinion, June 9, 1948, to McFarland).

D. ASSIGNMENT OF CONTRACTS

A professional service contract cannot be assigned to a third party. If a different contractor is required, the original contract must be canceled and a new contract must be initiated.

E. CONTRACTS/AGREEMENTS BETWEEN GOVERNMENTAL ENTITIES

Contracts/agreements between governmental entities must be entered into the CAS Contract Sub-System.

F. EMERGENCY CONTRACTS

An emergency contract for personal or professional services shall be let for a period of not more than 60 days (*Code of Alabama 1975*, §29-2-41.1, as amended). See section 5-4C for additional instructions.

G. ADDITIONAL LAW CITATIONS AND REGULATIONS GOVERNING CONTRACTS

In addition to all general laws regulating the execution of contracts for the State, the specific provisions of the Competitive Bid Law (§41-16-22 through 79), the Public Works Law (§39-2-1 through 13 and 39-5-1 through 6), and the Minimum Wage Law must be complied with in the execution of all state contracts (all citations are *Code of Alabama 1975*, as amended).

5-3 CLASSIFICATION OF CONTRACTS

There are specific laws authorizing and governing the following contract types.

A. CONTRACTS FOR THE PURCHASE OF PERSONAL PROPERTY

Contracts for the purchase of personal property for each State department, board, bureau, commission, agency, office, and institution must be executed as a purchase order issued by the State Purchasing Agent, unless specifically authorized by law to be purchased by another authority (*Code of Alabama 1975*, §41-1-110 and 111, as amended).

B. CONTRACTS EXECUTED BY THE STATE BUILDING COMMISSION

The State Building Commission has full power and authority on behalf of the State to execute contracts, to acquire lands, to plan and design buildings, and to plan and design all improvements of all properties owned or acquired by the State. All similar work must be approved by the Building Commission unless another authority is specifically authorized by law (*Code of Alabama 1975*, §41-9-141, as amended).

C. CONTRACTS FOR PUBLIC IMPROVEMENTS

Contracts for public improvements such as construction, repair, renovation, or maintenance of public buildings, structures, sewers, waterworks, roads, bridges, docks, underpasses, and viaducts, will be executed by an awarding authority. Awarding authorities include the State Highway Department, the State Building Commission, Alabama State Docks, the State Board of Education, and all state agencies (*Code of Alabama 1975*, §39-2-1 as amended).

D. CONTRACTS FOR PERSONAL AND PROFESSIONAL SERVICES

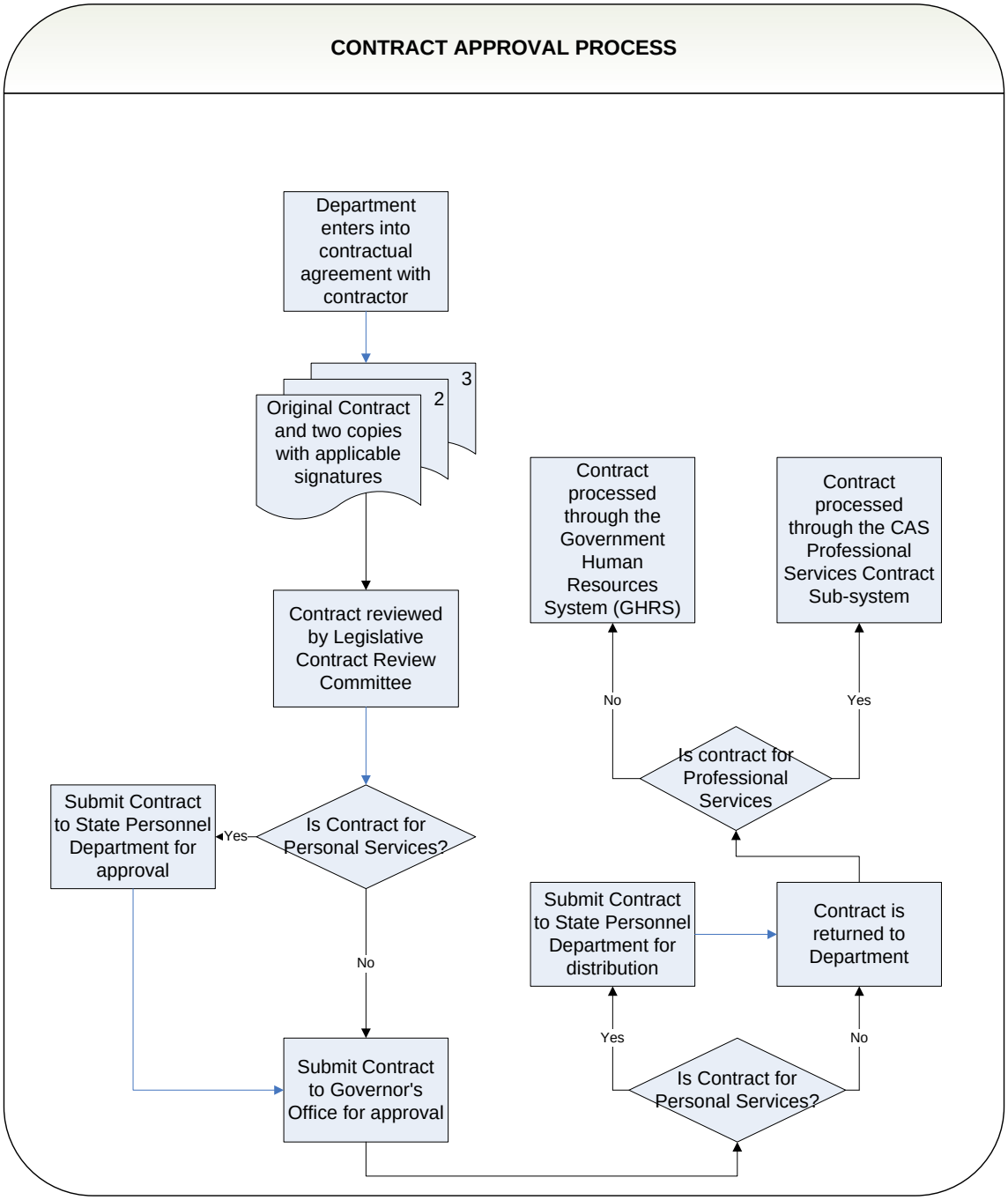
Contracts to secure the services of individuals possessing a high degree of professional skill include, but are not limited to, attorneys, physicians, teachers, artists, appraisers, engineers, and other consultants (*Code of Alabama 1975*, §41-16-21, as amended). Detailed procedures for the review and approval of personal and professional services contracts are provided in the following sections.

5-4 PERSONAL AND PROFESSIONAL SERVICES CONTRACTS

The sections that follow provide the guidelines to determine and define personal and professional services contracts between the State of Alabama and contractors. Specific contract information is required as well as the review and approval process prior to the execution of the contract. These guidelines define the areas of responsibility and establish a workable contract review, audit, and reporting system to ensure legal compliance and accountability. Exhibit 5-4-1 is an overview of the contract approval process.

The department or agency must determine whether each contract is for personal services (employer/employee relationship) or professional services (independent contractor). Each contract will be classified using the criteria in section A below. If the contract is for personal services, the department is liable for the employer's share of employment taxes. In budgeting for the contract, the department should allow for this additional cost.

EXHIBIT 5-4-1
CONTRACT APPROVAL PROCESS



A. INDEPENDENT CONTRACTOR VERSUS EMPLOYEE

The Internal Revenue Service and the courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These facts fall into three main categories.

- Behavioral Control
- Financial Control
- Relationship of the Parties

The State Comptroller uses a list of 20 factors as guidelines to determine whether an individual is considered an employee. The presence of any of the 20 factors may indicate a possible employer/employee relationship depending on the occupation and the context in which services are performed. Under common-law rules, every individual who performs services subject to the will and control of an employer, as to both what must be done and how it must be done, is an employee. It does not matter that the employer allows the employee discretion and freedom of action, as long as the employer has the legal right to control both the method and the result of the services. If an employer/employee relationship exists, it makes no difference how it is described. It does not matter if the employee is called an employee, partner, agent, or independent contractor. The 20 factors are:

1. Instructions - A worker who must comply with another's instructions about when, where and how to work is ordinarily an employee.

2. Training - If the worker is required to receive training to learn how to do the work, an employment relationship is likely.

3. Integration - The more the worker is integrated into the business operations, the more likely he is an employee.

4. Services Rendered Personally - An employee renders services personally. This shows that the employer is interested in the methods used, as well as the results, and an employment relationship exists.

5. Hiring, Supervising, and Paying Assistants - If the worker is responsible for his assistants, this is indicative of independent contractor status.

6. Continuing Relationship - A continuing or recurring nature of work suggests employment.

7. Set Hours of Work - If hours are established by the business, this tends to indicate employment.

8. Full Time Required - An independent contractor has more freedom as to when and for whom he will work than a worker who is required to devote substantially full time to the business.

9. Doing Work on Business Premises - If required, it suggests control by the employer.

10. Order or Sequence Set - If the business (State) sets the order or sequence of work, this tends to indicate employment.

11. Reporting - The more the worker must report, the greater the control, indicating employment.

12. Payment by Time, not Job - Independent contractors are more often paid by the job. Employees are usually paid by the hour, week or month.

13. Payment of Traveling Expenses - An employer generally retains the right to regulate the employee's business activities and expenses.

14. Furnishing of Tools - Independent contractors more often furnish their own tools and materials.

15. Significant Investment - Independent contractors more often invest in facilities that are used in performing services.

16. Realization of Profit or Loss - A worker who can realize a profit or loss from his services is generally an independent contractor.

17. Working for More Than One Firm at a Time - An independent contractor will often perform services for more than one business at a time.

18. Making Service Available to the Public - An independent contractor makes services available to the general public.

19. Right to Discharge - An independent contractor cannot be fired so long as he produces a result that meets contract specifications.

20. Right to Terminate - If the worker can terminate services without liability, this indicates an employment relationship.

If the determination is made that an employer/employee relationship exists, the contract must be approved and processed as personal services through the Personnel Department (see section 5-5 below). Payments must be made on the Government Human Resources System (GHRS) and will be subject to withholding taxes. The contractor will not be eligible for coverage under health insurance, retirement, or longevity but the department will be liable for employer's share of employment taxes. If the determination is made that an employer/employee relationship does not exist, the contract must be approved and processed as professional services through the CAS Professional Services Contract Sub-System and funds will be encumbered (see section 5-6). Payments to independent contractors will be made on payment vouchers.

B. REQUIRED CONTRACT INFORMATION

Personal and professional service contracts must include the following information:

1. Name - to include contracting department and contractor (contractor name must match tax identification number as it appears on the contractor's Form W-9). A contract cannot be established with multiple vendors. A separate contract must be negotiated for each contractor.

2. Contract Number - for personal services contracts, the department is not required to assign a contract number. The department should designate "CONTRACT EMPLOYEE" in place of a contract number on the contract documents. For professional service contracts, a 9-digit contract number should be issued by the department as follows:

   C __ __ __ __ __ __ __ __

   a. The first digit will be a "C" indicating a contract.
   b. The second digit will be a number to designate the applicable fiscal year (8 for budget fiscal year 07-08, 9 for budget fiscal year 08-09, etc.)
   c. The third through the fifth digits will be your department's agency number.
   d. The sixth through the ninth digits will be a sequential 4-digit number assigned by the department (not required to use all 4 digits)

3. Scope of contract - what is to be done, the purpose, goal, job, etc.

4. Term of Contract - The beginning and ending dates must be specified in the contract. The effective date of the contract must be a date that is after the date the contract is approved by the Governor. No retroactive approval will be granted.

5. Total Contract Amount - The method of payment (hourly, bi-weekly, monthly, by the job, etc.) as well as the maximum amount to be paid must be specified in the contract. If the contract covers expenses, there should be a statement about the kind of expenses to be paid. Unless otherwise specified, travel expenses are to be paid in accordance with state regulations (see section on travel reimbursement). The contract must include a maximum amount to be paid for expenses. The contract must include the total dollar amount over which the contract may not exceed (compensation plus expenses).

6. Termination Clause - The contract must contain a statement allowing for the termination of the contract by either party within a specified period of time. In addition, all contracts must include the following language:

   "It is agreed that the terms and commitments contained herein shall not be constituted as a debt of the State of Alabama in violation of Article 11, Section 213 of the Constitution of Alabama, 1901, as amended by Amendment Number 26. It is further agreed that if any provision of this contract shall contravene any statute or Constitutional provision or amendment, either now in effect or which may, during the course of this contract, be enacted, then that conflicting provision in the contract shall be deemed null and void. The contractor's sole remedy for the settlement of any and all disputes arising under the terms of this agreement shall be limited to the filing of a claim with the Board of Adjustment for the State of Alabama.

   In the event of the proration of the fund from which payment under this contract is to be made, the contract will be subject to termination."

7. Merit System Exclusion Clause - The contract must contain a clause stating that the contractor is not to be considered a merit system employee and is not entitled to any benefits of the State Merit System.

8. Federal Employer Identification Number or Social Security Number - The department must attach a copy of the contractor's Form W-9 (Exhibit 5-4-2) to ensure that the contractor name matches the tax identification number.

9. Signatures - The following signatures are required prior to submission to the Contract Review Committee:

   a. Contractor
   b. Department Head
   c. Attorney General (if contract is for legal services)
   d. ISD. Code of Alabama, Section 41-4-221 (If contract is for computer services).
   e. Purchasing Director. Code of Alabama, Section 41-16-75 (if contract is for sole source contracts)

   If the contract is for personal services, the signature of the Personnel Director is required. This signature is obtained after review by the Legislative Contract Review Oversight Committee but prior to submission to the Governor's Office.

10. Resume - The department must obtain and attach to the contract a resume or description of company credentials to document the expertise that the individual or contractor possesses to perform the contractual services.

11. Disclosure Statement – A Disclosure Statement is required to be filed with all proposals, bids, contracts or grant proposals to the State of Alabama in excess of $5,000.00. In circumstances where a contract is awarded by competitive bid, the Disclosure Statement is required only from the successful bidder and must be submitted within ten days after award (Code of Alabama 1975, §41-16-80 through 88). See Exhibit 5-4-6.

12. All professional services; whether contracts, memorandums of understanding, letters of agreement or emergency contracts must be entered on the contract data base, regardless of the amount. Although contracts for less than $1,500.00 do not need oversight review, they must be entered on the data base.

EXHIBIT 5-4-2
REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION (W-9)

Form **W-9**
(Rev. January 1993)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give this form to the requester. Do NOT send to IRS.

Please print or type

Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. **See instructions on page 2 if your name has changed.**)

Business name (Sole proprietors see instructions on page 2.) **(If you are exempt from backup withholding, complete this form and enter "EXEMPT" in Part II below.)**

Address (number and street)

List account number(s) here (optional)

City, state, and ZIP code

Part I **Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Obtain a TIN** below.

Social security number

OR

Employer identification number

Note: *If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.*

Part II **For Payees Exempt From Backup Withholding** (See **Exempt Payees and Payments** on page 2)

▶

Requester's name and address (optional)

Certification.—Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions.—You must cross out item **2** above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item **2** does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see **Signing the Certification** on page 2.)

Sign Here **Signature ▶** **Date ▶**

Section references are to the Internal Revenue Code.

Purpose of Form.—A person who is required to file an information return with the IRS must obtain your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN) and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: *If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form.*

How To Obtain a TIN.—If you do not have a TIN, apply for one immediately. To apply, get **Form SS-5,** Application for a Social Security Card (for individuals), from your local office of the Social Security Administration, or **Form SS-4,** Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

To complete Form W-9 if you do not have a TIN, write "Applied for" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during that period.

Note: *Writing "Applied for" on the form means that you have already applied for a TIN* ***OR*** *that you intend to apply for one in the near future.*

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the requester.

What Is Backup Withholding?—Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. The IRS notifies the requester that you furnished an incorrect TIN, or
3. You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or
5. You do not certify your TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in 5 above, other reportable payments are subject to backup withholding only if 1 or 2 above applies. Certain payees and payments are exempt from backup withholding and information reporting. See **Payees and Payments Exempt From**

Cat. No. 10231X Form **W-9** (Rev. 1-93)

C. THE LEGISLATIVE CONTRACT REVIEW OVERSIGHT COMMITTEE

After all required signatures have been obtained, the original and 2 copies must be forwarded to the Contract Review Committee. All contracts for personal or professional services with private entities or individuals must be reviewed by the Committee (*Code of Alabama 1975*, §29-2-41, as amended) except:

1. Contracts for insurance
2. Contracts let by competitive bid
3. Contracts entered into by public corporations and authorities
4. Contracts for a total amount of less than $1,500, including compensation and reimbursement of expenses.

In case of an emergency adversely affecting public health, safety, security, or the economic welfare of the state, so declared in writing to the governor by the head of the institution or agency involved, setting forth the nature of the danger to public health, safety, security or the economic welfare of the state, contracts may be let to the extent necessary to meet the emergency without review by the committee. Any contract let pursuant to this section involving an emergency adversely affecting the economic welfare of the state shall be let for a period of not more than 60 days during which time the committee shall review a contract for a longer period of time if such services are required beyond the 60-day limit hereby imposed (*Code of Alabama 1975*, §29-2-41.1, as amended).

The Committee must review and comment on a contract or a letter of intent to contract within a reasonable time not to exceed 45 days after it has been submitted to the Committee. If the Committee fails to review and comment on any contract or letter of intent to contract within this time frame, the contract will be deemed to have been reviewed. Any contract made by the state or any of its agencies, which has not been submitted for review by the Contract Review Committee will be voided. If a department elects to submit a letter of intent to contract instead of a proposed contract, the department must submit a copy of the actual contract to the Committee once the contract has been executed.

The Contract Review Committee meets the first Thursday of each month. All contracts to be reviewed must be accompanied by the Contract Review Report Form (Exhibit 5-4-4) or Legal Services Contract Review Report Form (Exhibit 5-4-5) and the Contract Memo Receipt Form (Exhibit 5-4-3). All contracts to be reviewed must be received no later than 10 days prior to the Thursday meeting date to be placed on the agenda. The Committee requires at least one original contract and two copies. The Governor's Office does not submit contracts to the Committee.

EXHIBIT 5-4-3
CONTRACT MEMO RECEIPT FORM (FRMS-55)

Form FRMS-55
Rev. 1-99

CONTRACT MEMO RECEIPT FORM

TO: CONTRACT REVIEW PERMANENT LEGISLATIVE OVERSIGHT COMMITTEE

RE: CONTRACT # _____

DATE: _____

Please find attached Contract #_____ which has been received as of the stamped date in the contract review office and processed accordingly.

EXHIBIT 5-4-4
CONTRACT REVIEW REPORT FORM (FRMS-56)

Contract Review Permanent Legislative Oversight Committee
Alabama State House
Montgomery, Alabama 36130

CONTRACT REVIEW REPORT
(Separate review report required for each contract)

Name of State Agency: _____

Name of Contractor: _____

_____ _____ _____ _____
Contractor's Physical Street Address (No P. O. Box) City State Zip

Is Contractor Registered with the Alabama Secretary of State to do business as a Corporation in Alabama?
YES _____ NO _____ If YES, in what State is Contractor incorporated? _____

Is Act 2001-955 Disclosure form Included with this Contract? YES _____ NO _____
Was a Lobbyist/Consultant Used to Secure this Contract? YES _____ NO _____

If Yes. Give Name: _____

Contract Number: _____

Contract/Amendment Total: $_____ (estimate if necessary)

% State Funds: _____ % Federal Funds: _____ % Other Funds: _____ **

**Please Specify Source of Other Funds (Fees, Grants, etc.) _____

Date Contract Effective: _____ Date Contract Ends: _____

Type Contract: NEW: _____ RENEWAL: _____ AMENDMENT: _____

If AMENDMENT, Complete A through C:
[A] Original contract total $ _____

[B] Amended total prior to this amendment $ _____

[C] Amended total after this amendment $ _____

Was Contract Secured through Bid Process? YES __ NO ___ Was lowest Bid accepted? YES ___ NO ___

Summary of Contract Services to be Provided: _____

_____

_____

Why Contract Necessary **AND** why this service cannot be performed by merit employee: _____

_____

_____

I certify that the above information is correct.

_____ _____
Signature of Agency Head Signature of Contractor

_____ _____
Printed Name Printed Name

Agency Contact: _____ Phone: _____

EXHIBIT 5-4-5
LEGAL SERVICES CONTRACT REVIEW REPORT FORM (FRMS-57)

Contract Review Permanent Legislative Oversight Committee
Alabama State House
Montgomery, Alabama 36130

LEGAL SERVICES CONTRACT REVIEW REPORT
(Separate review report required for each contract)

Name of State Agency: _____

Name of Contractor: _____

_____ _____ ____
Contractor's Physical Street Address (No P.O. Box) City ST

Is contractor registered with Alabama Secretary of State to do Business as a Corporation in Alabama?
YES____ NO____ If Yes, in what State is Contractor Incorporated? _____

Is Act 2001-955 Disclosure Form Included with this Contract? YES ____ NO ____
Was Lobbyist/Consultant Used to Secure this Contract? YES ____ NO ____

If Yes, Give Name: _____

Contract Number: _____

Contract/Amendment Total: $_____(estimate if necessary)

Rate of Compensation: $ _____(If over $85/hr. attach Governor or Attorney General approval)

Amount of Retainer: $_____Is this Contract for Litigation? YES ____ NO ____
Is this a Contingency Contract? YES ____ NO ____

Attorney assigned this work: _____
Is Contractor Appointed by Attorney General? YES ____ NO ____(If yes, attach copy of appointment letter)

% State Funds: _____ % Federal Funds: _____ % Other Funds: _____**

**Please Specify Source of Other Funds (Fees, Grants, etc.) _____

Date Contract Effective: _____ Date Contract Ends: _____

Type Contract: NEW: ____ RENEWAL: ____ AMENDMENT: ____

If AMENDMENT, Complete A through C:
[A] Original contract total $ _____

[B] Amended total prior to this amendment $ _____

[C] Amended total after this amendment $ _____

Summary of Contract Services to be Provided: _____

_____

_____

Why Contract Necessary **AND** why this service cannot be performed by Merit Employee: _____

_____

_____

I certify that the above information is correct.

_____ _____
Signature of Agency Head Signature of Contractor

_____ _____
Printed Name Printed Name

Agency Contact: _____Phone: _____

EXHIBIT 5-4-6
STATE OF ALABAMA DISCLOSURE STATEMENT
PAGE 1

State of Alabama
Disclosure Statement

(Required by Act 2001-955)

ENTITY COMPLETING FORM

ADDRESS

CITY, STATE, ZIP

TELEPHONE NUMBER
( )

STATE AGENCY/DEPARTMENT THAT WILL RECEIVE GOODS, SERVICES, OR IS RESPONSIBLE FOR GRANT AWARD

ADDRESS

CITY, STATE, ZIP

TELEPHONE NUMBER
( )

This form is provided with:

☐ Contract ☐ Proposal ☐ Request for Proposal ☐ Invitation to Bid ☐ Grant Proposal

Have you or any of your partners, divisions, or any related business units previously performed work or provided goods to any State Agency/Department in the current or last fiscal year?

☐ Yes ☐ No

If yes, identify below the State Agency/Department that received the goods or services, the type(s) of goods or services previously provided, and the amount received for the provision of such goods or services.

STATE AGENCY/DEPARTMENT	TYPE OF GOODS/SERVICES	AMOUNT RECEIVED

Have you or any of your partners, divisions, or any related business units previously applied and received any grants from any State Agency/Department in the current or last fiscal year?

☐ Yes ☐ No

If yes, identify the State Agency/Department that awarded the grant, the date such grant was awarded, and the amount of the grant.

STATE AGENCY/DEPARTMENT	DATE GRANT AWARDED	AMOUNT OF GRANT

1. List below the name(s) and address(es) of all public officials/public employees with whom you, members of your immediate family, or any of your employees have a family relationship and who may directly personally benefit financially from the proposed transaction. Identify the State Department/Agency for which the public officials/public employees work. (Attach additional sheets if necessary.)

NAME OF PUBLIC OFFICIAL/EMPLOYEE	ADDRESS	STATE DEPARTMENT/AGENCY

OVER

EXHIBIT 5-4-6
STATE OF ALABAMA DISCLOSURE STATEMENT
PAGE 2

2. List below the name(s) and address(es) of all family members of public officials/public employees with whom you, members of your immediate family, or any of your employees have a family relationship and who may directly personally benefit financially from the proposed transaction. Identify the public officials/public employees and State Department/Agency for which the public officials/public employees work. (Attach additional sheets if necessary.)

NAME OF FAMILY MEMBER	ADDRESS	NAME OF PUBLIC OFFICIAL/ PUBLIC EMPLOYEE	STATE DEPARTMENT/ AGENCY WHERE EMPLOYED

If you identified individuals in items one and/or two above, describe in detail below the direct financial benefit to be gained by the public officials, public employees, and/or their family members as the result of the contract, proposal, request for proposal, invitation to bid, or grant proposal. (Attach additional sheets if necessary.)

Describe in detail below any indirect financial benefits to be gained by any public official, public employee, and/or family members of the public official or public employee as the result of the contract, proposal, request for proposal, invitation to bid, or grant proposal. (Attach additional sheets if necessary.)

List below the name(s) and address(es) of all paid consultants and/or lobbyists utilized to obtain the contract, proposal, request for proposal, invitation to bid, or grant proposal:

NAME OF PAID CONSULTANT/LOBBYIST	ADDRESS

By signing below, I certify under oath and penalty of perjury that all statements on or attached to this form are true and correct to the best of my knowledge. I further understand that a civil penalty of ten percent (10%) of the amount of the transaction, not to exceed $10,000.00, is applied for knowingly providing incorrect or misleading information.

Signature Date

Notary's Signature Date Date Notary Expires

Act 2001-955 requires the disclosure statement to be completed and filed with all proposals, bids, contracts, or grant proposals to the State of Alabama in excess of $5,000.

EXHIBIT 5-4-7
STATE OF ALABAMA DISCLOSURE STATEMENT

GOVERNOR'S ADDITIONAL CONTRACT QUESTIONS FORM

(1) If this contract was not competitively **Bid**, explain why not:

_____
_____
_____

(2) If this contract was not competitively **Bid** because the contractor is a sole source provider, please explain who made the sole source determination and on what basis:

_____
_____
_____

(3) If contract was awarded by **RFP**, what process was used, was it competitive, how many vendors were contracted, and how many proposals were received?

_____
_____
_____

(4) If contract was awarded by **RFP**, was it awarded to the person or company with the lowest monetary proposal? If not, explain why not.

_____
_____
_____

(5) If contract was awarded by **RFP**, how and by whom were the proposals evaluated?

_____
_____
_____

(6) If this contract was not awarded through either **Bid** or **RFP** process, explain why not:

_____
_____
_____

(7) If this contract was not awarded through either **Bid** or **RFP** process, how was it awarded?

_____
_____
_____

(8) Did agency attempt to hire a **State Employee**? If so who from the State Personnel Department did you talk to?

_____
_____
_____

(9) How many additional contracts does contractor have with the State of Alabama and which agencies are they with?

_____
_____
_____

_____
Signature of Agency/Department Head

D. APPROVAL BY THE GOVERNOR

All contracts will be forwarded to the Governor's Office after review by the Contract Review Committee and approval by the Personnel Director if for personal services. The Governor's Office will return the contracts to the department after the Governor's approval.

The following sections provide additional instructions for personal services and professional service contracts.

5-5 ADMINISTRATION OF PERSONAL SERVICES CONTRACTS

A. SUBMISSION TO STATE PERSONNEL DEPARTMENT

The Personnel Department's decision to support or oppose a contract will be based on (1) whether or not the job is appropriate for merit system employment, (2) if the rate of pay is commensurate with the qualifications of the individual and appropriate for the work to be done, and (3) if it is within the corresponding merit system pay range (where applicable).

Occasionally an agency must engage the services of individuals outside the merit system. An original and 2 copies of all personal service contracts, $1,500 and above, must be submitted to the Legislative Contract Review Oversight Committee for their review. An original and 1 copy of all personal service contracts, under $1,500, must be submitted directly to the State Personnel Department for their approval.

Contracts under $15,000 may be approved by the Personnel Director.

B. APPROVAL BY STATE PERSONNEL BOARD

Contracts of $15,000 and over must be presented to the Personnel Board. To be included on the Board agenda, the contract MUST be submitted no later than 15 days prior to the date of the Board meeting. The contract must meet all requirements in order to be placed on the Board agenda.

C. PAYMENTS TO CONTRACT EMPLOYEES

Payments for services rendered under personal services contracts will be processed through the payroll/personnel system (GHRS) as contract employees.

5-6 ADMINISTRATION OF PROFESSIONAL SERVICES CONTRACTS

A. SUBMISSION TO THE STATE COMPTROLLER'S OFFICE

In order to record and monitor all professional service contracts (independent contractors), basic contract data and accounting information will be entered into the CAS Professional Services Contract Sub-System by the department. The department should complete FRMS Form 50, Contract Cover Sheet (Exhibit 5-6-1), attach all contract documents with required approvals, and submit to the Comptroller's Office for review and processing. Departments that do not have automated accounting systems will forward the completed contract documents to the Comptroller's Office where they will be audited, approved, and entered into the CAS Contract Sub-System by Comptroller. Non-automated Departments must include the appropriate accounting information on the contract cover sheet.

The Contract Cover Sheet (FRMS Form 50) requires basic information about the contract including the contract number, contractor name, address, effective and expiration dates, vendor number (federal tax identification number or social security number), and total contract amount (for all new contracts) or revision amount (the amount being increased or decreased on all amendments to contracts). The contract types are defined as follows:

C - Contract between the State and an outside vendor,

M - Memorandum of understanding for a contractual agreement between the state and another state agency or state-funded college or university,

L - Letter of agreement for a contractual agreement for less than $1,500.

E - Emergency Contracts

B. NEW/ORIGINAL CONTRACTS (CT TRANSACTIONS)

New contracts are entered into the system using CT transactions. All contract information is to be entered into the CAS Contract Sub-System (using departmental accounting codes) by the department/agency operating an automated accounting system. Upon receipt of the copy of the contract, the State Comptroller's Office will review the contract documents, review the contract data entered in CAS, and approve the contract on-line. See Exhibit 5-6-2 Transaction Flow of contract Processing for Automated Users.

EXHIBIT 5-6-1
CONTRACT COVER SHEET (FRMS-50)

FRMS-50
Rev. 04-99

STATE OF ALABAMA
DEPARTMENT OF FINANCE
Division of Control and Accounts
Contract Cover Sheet
FRMS Form 50

Check One: Original Contract (CT)_____ Contract Amendment (CA) _____

Contract Number: Agency_____ Contract C _____

Effective Date:_____ Expiration Date: _____

Contract Type: _____ C Contract
_____ M Memorandum of Understanding
_____ L Letter of Agreement

Vendor Number (FEIN or Social Security #)(11 Digits) _____

Contractor Name _____

Contractor Address: _____

_____

City_____ State_____ Zip Code_____

Total Contract Amount: $_____ (For CT Transactions Only)

Revision Amount $_____ (For CA Transactions Only)

This section must be completed by non-automated departments only. This information will be entered into the Contract Sub-System by the Comptroller's Office.

Ln	Fund	Agcy	Org	S/Org	Appr	Actv	Obj	S/Obj
_____	_____	_____	_____	_____	_____	_____	_____	_____

Quarter 1 _____I/D___ Quarter 2 _____I/D___

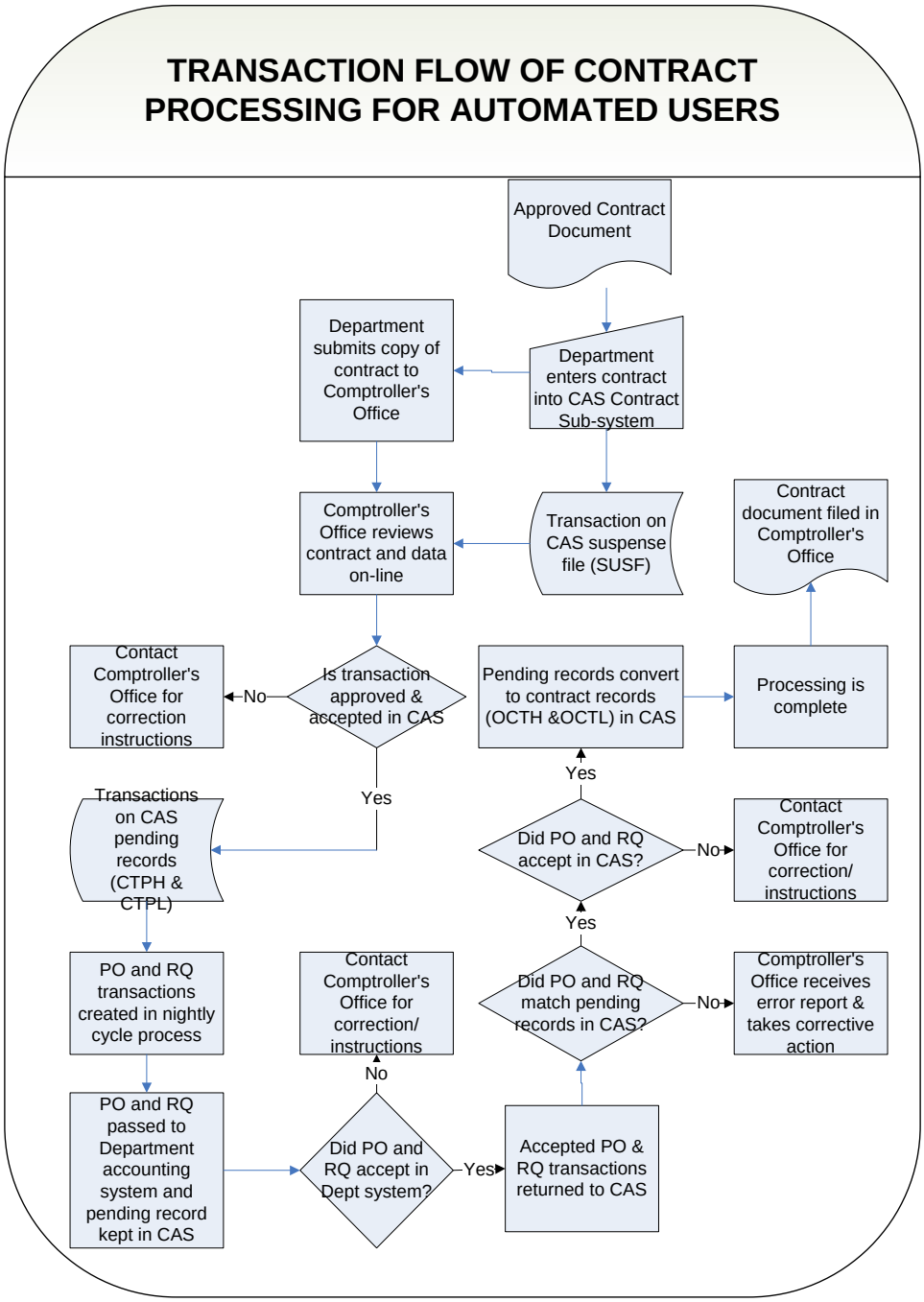
Quarter 3 _____I/D___ Quarter 4 _____I/D___

_____	_____	_____	_____	_____	_____	_____	_____	_____

Quarter 1 _____I/D___ Quarter 2 _____I/D___

Quarter 3 _____I/D___ Quarter 4 _____I/D___

EXHIBIT 5-6-2
TRANSACTION FLOW OF CONTRACT PROCESSING FOR AUTOMATED USERS



C. CONTRACT MODIFICATIONS (CM TRANSACTIONS)

A contract modification is any change to an existing contract except an increase or decrease to the total contract amount and/or a change in the expiration date and/or changes made between multi-year contracts. **Contract modifications are primarily to change the accounting distribution or the amount of the contract allocated to the various quarters**. CM transactions may be made by the department without the approval of the Comptroller's Office.

D. CONTRACT AMENDMENTS (CA TRANSACTIONS)

A contract amendment is used for any increase or decrease to the total contract amount and/or change in the expiration date. Contract amendments (CA) require approval from the Comptroller's Office before the system will process the transaction. Date changes and total contract amount changes require an amendment (CA) to the original contract that has all the required signatures and reviews. Contract amendments may also be used during the 13th accounting period to make changes between multi-year contracts (See page 5-23). The department must complete a Contract Cover Sheet and provide documentation to explain the amendment. The Comptroller's Office will approve the transactions on-line upon receipt and audit of all contract amendments.

Vendor codes cannot be changed on a contract once it has been established on the contract data base. Contact Comptroller staff for instructions when a vendor code change is required.

E. THE ACCOUNTING EFFECTS OF CONTRACT TRANSACTIONS

Once the Comptroller's Office approves the contract on-line, the system will generate a contract pending record (see CTPH and CTPL tables). This record is used to create the accounting transactions (RQ's and PO's) and as a control mechanism to ensure the accounting transactions complete the nightly cycle.

A requisition (RQ) for the sum of all future quarter amounts is generated from all CT, CM, and CA transactions and funds are pre-encumbered. The pre-encumbrance commits a portion of the department's appropriation and expense budget. When a requisition is created, there is a debit to the Pre-encumbrance account and a credit to Reserve for Pre-encumbrances.

A purchase order for current quarter amounts is generated from all CT, CM, and CA transactions and funds are encumbered. The encumbrance reserves a portion of the department's appropriation, allotment, and expense budget, but does not reserve the department's cash. When a purchase order is created, there is a debit to the Reserve for Pre-encumbrances account, a credit to the Pre-encumbrances account, and a debit to the Encumbrances account and a credit to the Reserve for Encumbrances. In subsequent quarters, a requisition will be generated to reduce the pre-encumbrance and a purchase order will be generated to increase the encumbrance. This will be done on or about the second work day of the new quarter based on the quarterly data contained in the contract record (OCTH and OCTL tables).

After accounting transactions complete the nightly cycle, they match back to the pending records in CAS to insure that no changes were made to the PO and/or RQ transactions by the departments. If a department changes any contract purchase order information in their system prior to the record returning to CAS, the purchase order will not integrate back to CAS and update. The contract tables (OCTH and OCTL) are updated with the information from the pending tables (CTPH and CTPL) after the PO and/or RQ transaction is accepted in CAS. The pending table entries will be deleted after the update is complete.

F. MULTI-YEAR CONTRACTS

A job will execute at the end of the fiscal year, which will read the contract tables (OCTH and OCTL) and create new fiscal year transactions for multi-year contracts, which will be processed in the following manner:

1. Current FY contracts with expiration dates that exceed 9/30 of the current year will be selected to create CT transactions for the next year.

2. The new year contracts will be created on the document suspense file (SUSF), and will contain a cross-reference to the prior year contract number. The new year contract total amount will be determined by subtracting the prior FY encumbered to date amount from the prior FY total contract amount. This amount will be a protected field on the new CT document. After the new FY contract has been established in CAS the department must process a CM transaction to encumber funds for the new FY contract and to make changes/additions to the contract line information.

3. The prior year contract will be updated to contain a cross-reference to the new year contract number and the total contract amount will be changed to equal the encumbered to date amount. Multi-year contract records are linked to one another. Changes made to a prior year contract record will affect the current year contract record and vice versa. These changes are reflected on the OCTH record.

4. During the 13th accounting period, current year CA transactions to decrease the total contract amount (referencing a prior FY contract number) will automatically increase the prior FY total contract amount field by the same amount of the current year decrease.

5. Prior year CA transactions to decrease the total contract amount (referencing a new FY contract number) will automatically increase the new FY total contract amount field by the same amount of the prior year decrease. This process can be done until the prior year contract purchase order record has been deleted from the central accounting system.

6. CM transactions to increase the encumbered amount of prior year contracts will only be allowed during the 13th accounting period. CM transactions to decrease the encumbered amount of prior year contracts can be done until the corresponding PO record has been deleted from the system.

7. **IMPORTANT**: If there is an unexpended balance left on a prior year contract and there are no other obligations for that budget fiscal year, you must move the remaining amount forward from the prior year contract to the current year contract by keying a CA. This is necessary in order to avoid losing the total spending authority for a particular contract.

G. PAYMENTS TO CONTRACTORS

Payments to independent contractors will be processed through the Comptroller's Office on payment vouchers by referencing the purchase order number (same as the contract number).

H. REPORTS

The departments may review the status of contracts on the monthly Encumbrance and Liquidation Report (EAL)

The CAS-CNT2 Monthly Report provides information on contracts combining data from CAS tables (OCTH, OCTL, OPOH, and OPOL).

I. CAS TABLES RELATED TO CONTRACTS

Departments with automated accounting systems have the capability to view certain tables in CAS and review detailed information about contracts. These table names are as follows:

CTPH	Contract Pending Header Table
CTPL	Contract Pending Line Table
OCTH	Open Contract Header Table
OCTL	Open Contract Line Table
OCTV	Open Contract by Vendor
OPOH	Open Purchase Order Header
OPOL	Open Purchase Order Line
OPOD	Open Purchase Order by Document
OPRQ	Open Requisition

EXHIBIT 5-6-3
CONTRACT PENDING HEADER TABLE (CTPH)

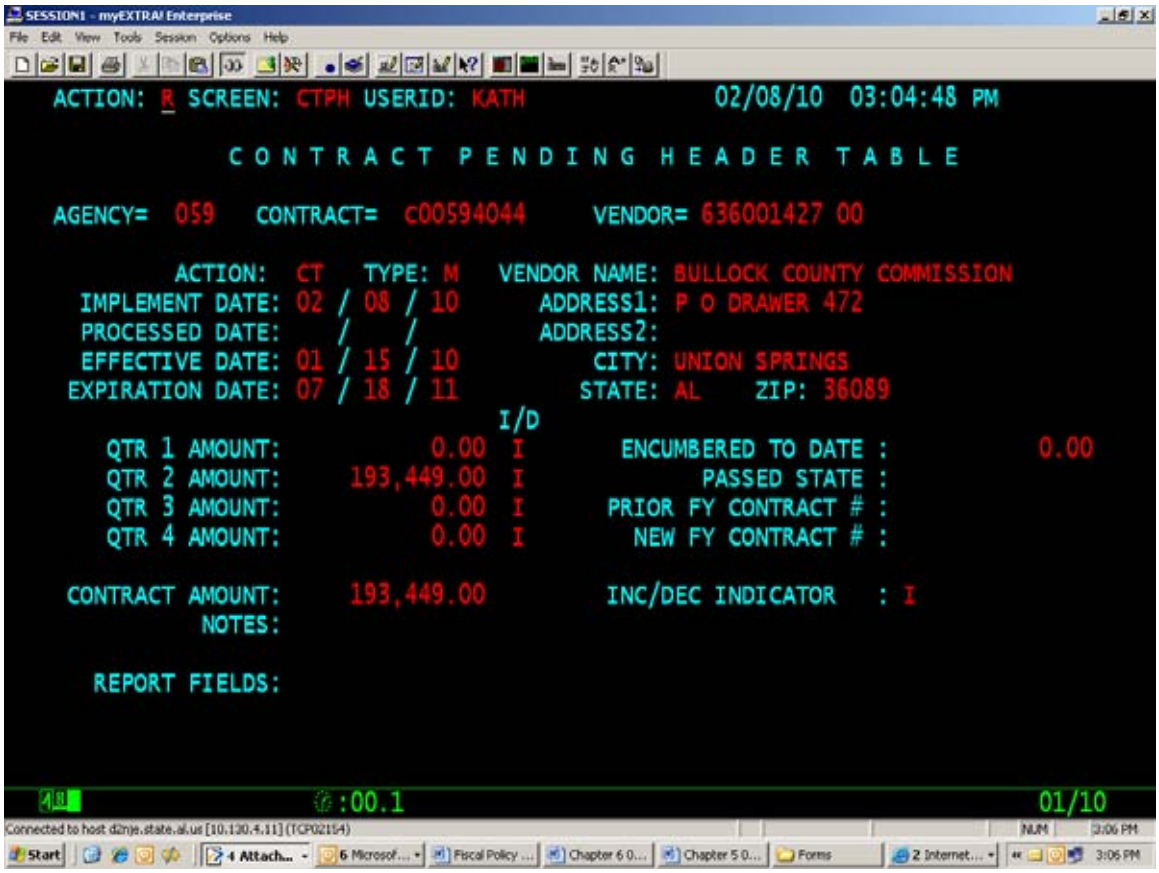
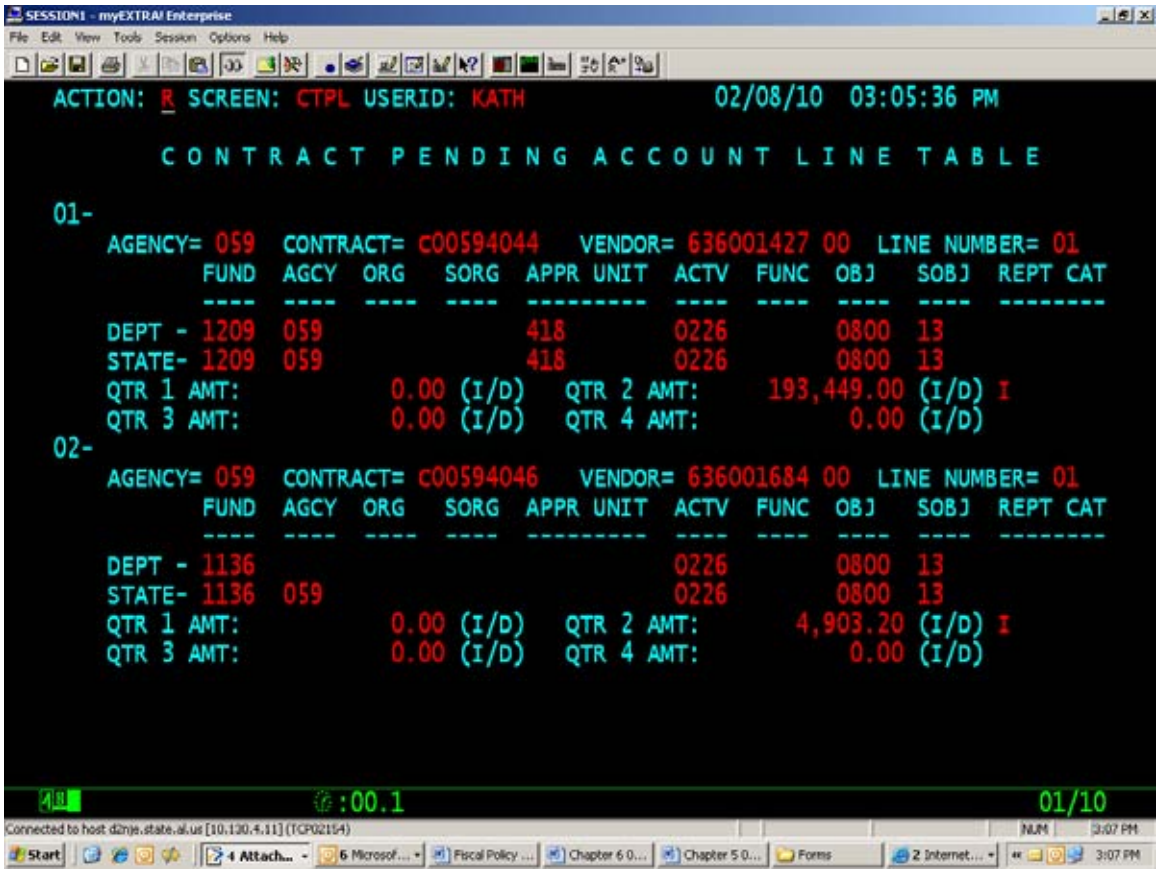


EXHIBIT 5-6-4
CONTRACT PENDING LINE TABLE (CTPL)



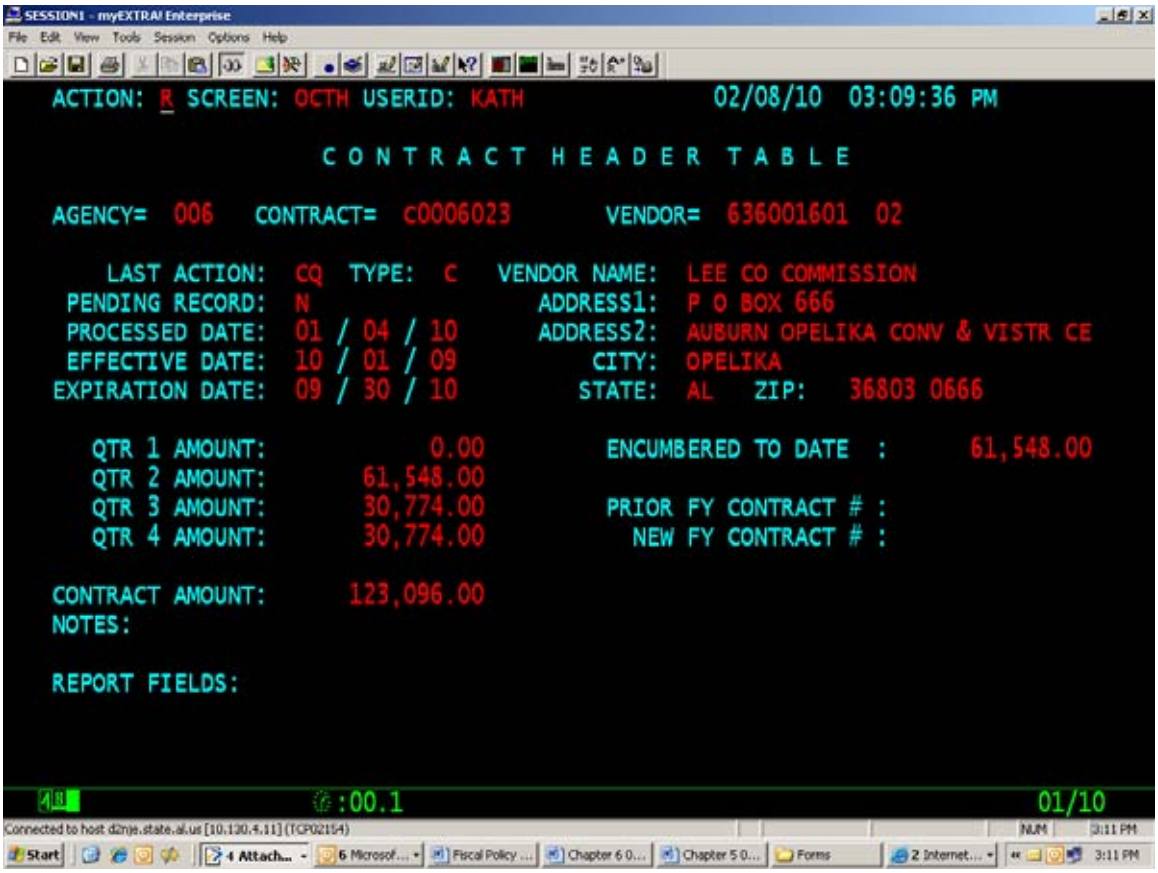
```
ACTION: R SCREEN: CTPL USERID: KATH              02/08/10  03:05:36 PM

        C O N T R A C T   P E N D I N G   A C C O U N T   L I N E   T A B L E

01-
    AGENCY= 059  CONTRACT= C00594044   VENDOR= 636001427 00  LINE NUMBER= 01
           FUND  AGCY  ORG   SORG  APPR UNIT  ACTV  FUNC  OBJ   SOBJ  REPT CAT
           ----  ----  ----  ----  ---------  ----  ----  ----  ----  --------
    DEPT - 1209  059              418        0226        0800  13
    STATE- 1209  059              418        0226        0800  13
    QTR 1 AMT:          0.00 (I/D)   QTR 2 AMT:     193,449.00 (I/D) I
    QTR 3 AMT:          0.00 (I/D)   QTR 4 AMT:          0.00 (I/D)
02-
    AGENCY= 059  CONTRACT= C00594046   VENDOR= 636001684 00  LINE NUMBER= 01
           FUND  AGCY  ORG   SORG  APPR UNIT  ACTV  FUNC  OBJ   SOBJ  REPT CAT
           ----  ----  ----  ----  ---------  ----  ----  ----  ----  --------
    DEPT - 1136                              0226        0800  13
    STATE- 1136  059                         0226        0800  13
    QTR 1 AMT:          0.00 (I/D)   QTR 2 AMT:       4,903.20 (I/D) I
    QTR 3 AMT:          0.00 (I/D)   QTR 4 AMT:          0.00 (I/D)

                        :00.1                                        01/10
```

EXHIBIT 5-6-5
OPEN CONTRACT HEADER TABLE (OCTH)



```
ACTION: R SCREEN: OCTH USERID: KATH              02/08/10  03:09:36 PM

                    C O N T R A C T   H E A D E R   T A B L E

AGENCY=  006   CONTRACT=  C0006023       VENDOR=  636001601  02

    LAST ACTION:  CQ  TYPE:  C   VENDOR NAME:  LEE CO COMMISSION
 PENDING RECORD:  N                 ADDRESS1:  P O BOX 666
 PROCESSED DATE:  01 / 04 / 10      ADDRESS2:  AUBURN OPELIKA CONV & VISTR CE
 EFFECTIVE DATE:  10 / 01 / 09          CITY:  OPELIKA
EXPIRATION DATE:  09 / 30 / 10         STATE:  AL   ZIP:   36803 0666

   QTR 1 AMOUNT:           0.00        ENCUMBERED TO DATE  :      61,548.00
   QTR 2 AMOUNT:      61,548.00
   QTR 3 AMOUNT:      30,774.00        PRIOR FY CONTRACT # :
   QTR 4 AMOUNT:      30,774.00          NEW FY CONTRACT # :

CONTRACT AMOUNT:     123,096.00
NOTES:

REPORT FIELDS:

                          :00.1                                      01/10
```

EXHIBIT 5-6-6
OPEN CONTRACT LINE TABLE (OCTL)

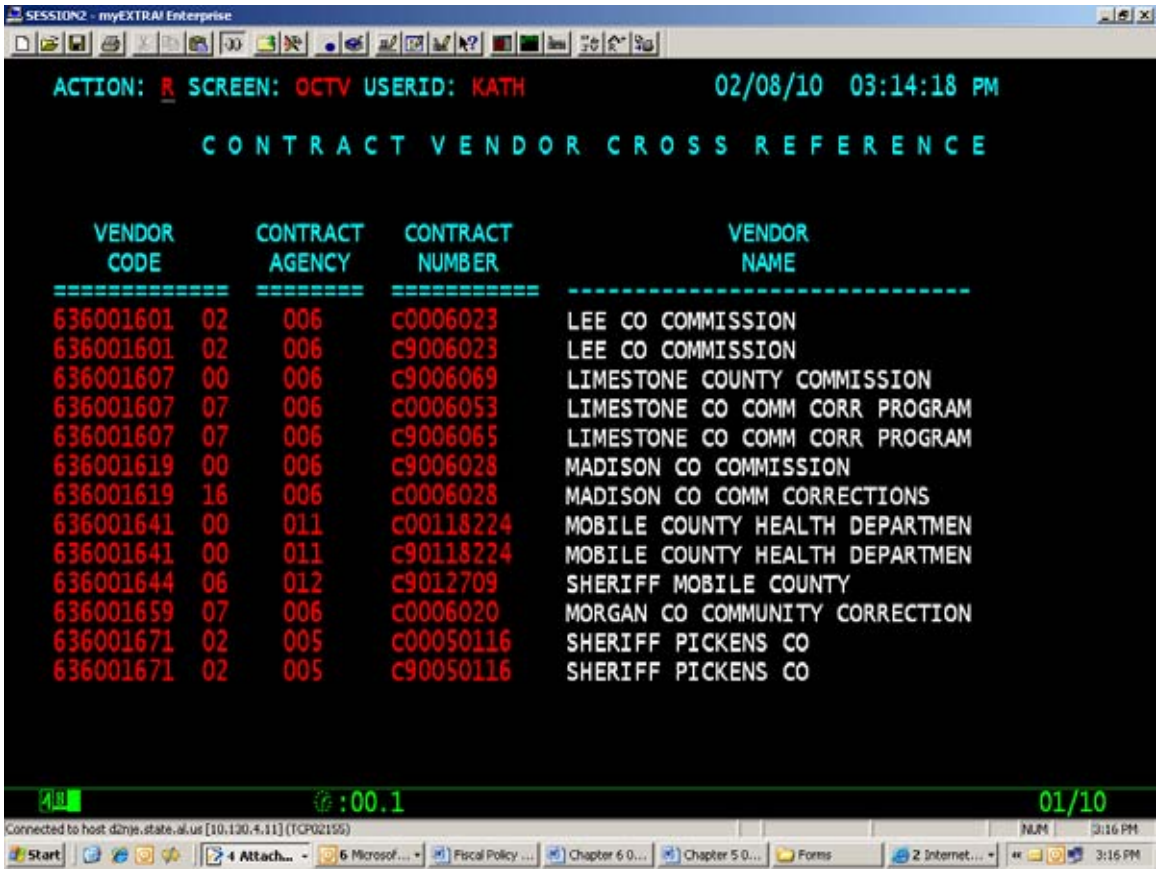
```
ACTION: R SCREEN: OCTL USERID: KATH              02/08/10  03:11:07 PM

                    C O N T R A C T   L I N E   T A B L E

01-
    AGENCY= 006  CONTRACT= C0006023    VENDOR= 636001601 02  LINE NUMBER= 01
           FUND  AGCY  ORG   SORG  APPR UNIT  ACTV  FUNC  OBJ   SOBJ  REPT CAT
           ----  ----  ----  ----  ---------  ----  ----  ----  ----  --------
    DEPT - 0604  004   43P1                                 0800  19
    STATE- 0603  006               931        0705        0800  19
    QTR 1 AMT:           0.00        QTR 2 AMT:      61,548.00
    QTR 3 AMT:      30,774.00        QTR 4 AMT:      30,774.00
02-
    AGENCY= 006  CONTRACT= C0006025    VENDOR= 870716204 00  LINE NUMBER= 01
           FUND  AGCY  ORG   SORG  APPR UNIT  ACTV  FUNC  OBJ   SOBJ  REPT CAT
           ----  ----  ----  ----  ---------  ----  ----  ----  ----  --------
    DEPT - 0604  004   49P1                                 0800  19
    STATE- 0603  006               931        0705        0800  19
    QTR 1 AMT:           0.00        QTR 2 AMT:      26,802.00
    QTR 3 AMT:      13,401.00        QTR 4 AMT:      13,401.00

                          :00.1                                        01/10
```

EXHIBIT 5-6-7
OPEN CONTRACT BY VENDOR (OCTV)



SESSION2 - myEXTRA! Enterprise

ACTION: R SCREEN: OCTV USERID: KATH 02/08/10 03:14:18 PM

CONTRACT VENDOR CROSS REFERENCE

VENDOR CODE		CONTRACT AGENCY	CONTRACT NUMBER	VENDOR NAME
636001601	02	006	C0006023	LEE CO COMMISSION
636001601	02	006	C9006023	LEE CO COMMISSION
636001607	00	006	C9006069	LIMESTONE COUNTY COMMISSION
636001607	07	006	C0006053	LIMESTONE CO COMM CORR PROGRAM
636001607	07	006	C9006065	LIMESTONE CO COMM CORR PROGRAM
636001619	00	006	C9006028	MADISON CO COMMISSION
636001619	16	006	C0006028	MADISON CO COMM CORRECTIONS
636001641	00	011	C00118224	MOBILE COUNTY HEALTH DEPARTMEN
636001641	00	011	C90118224	MOBILE COUNTY HEALTH DEPARTMEN
636001644	06	012	C9012709	SHERIFF MOBILE COUNTY
636001659	07	006	C0006020	MORGAN CO COMMUNITY CORRECTION
636001671	02	005	C00050116	SHERIFF PICKENS CO
636001671	02	005	C90050116	SHERIFF PICKENS CO

:00.1 01/10

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EXHIBIT 5-6-8
OPEN PURCHASE ORDER HEADER (OPOH)

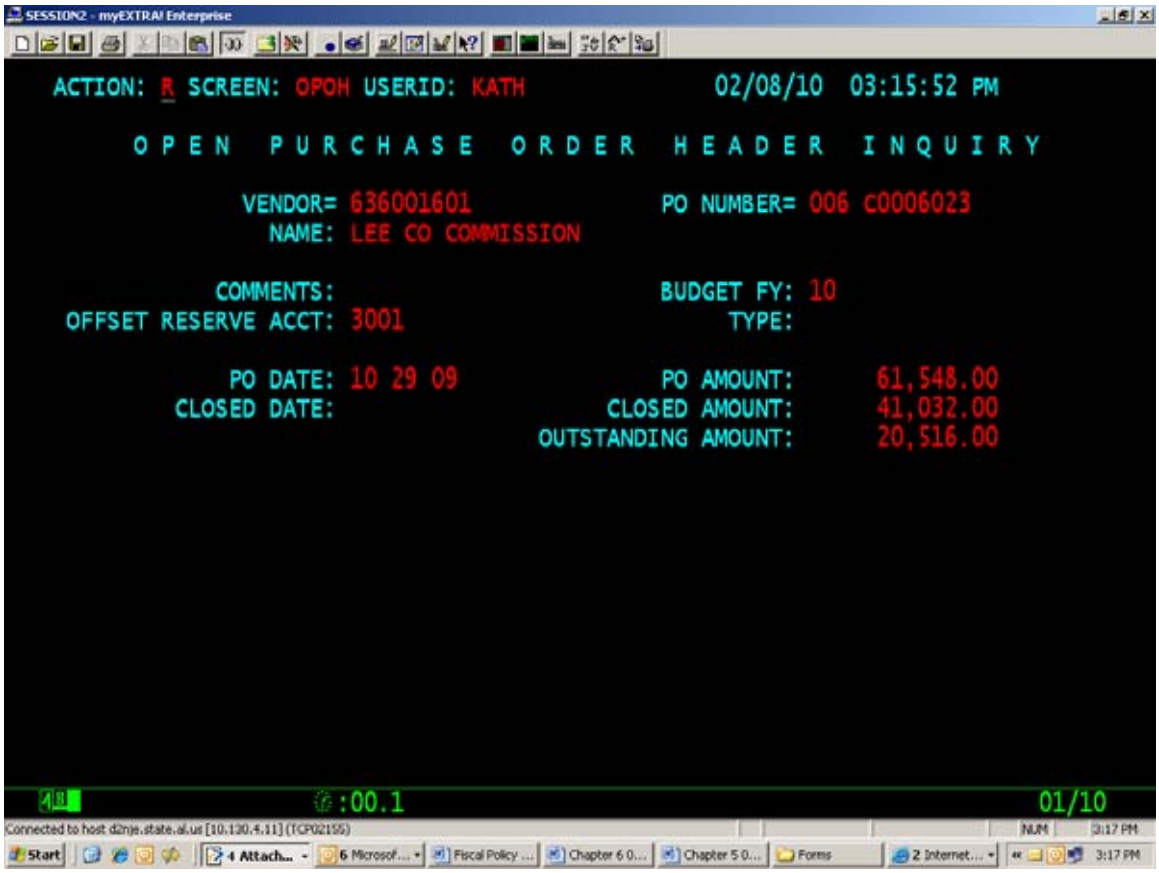


EXHIBIT 5-6-9
OPEN PURCHASE ORDER LINE (OPOL)

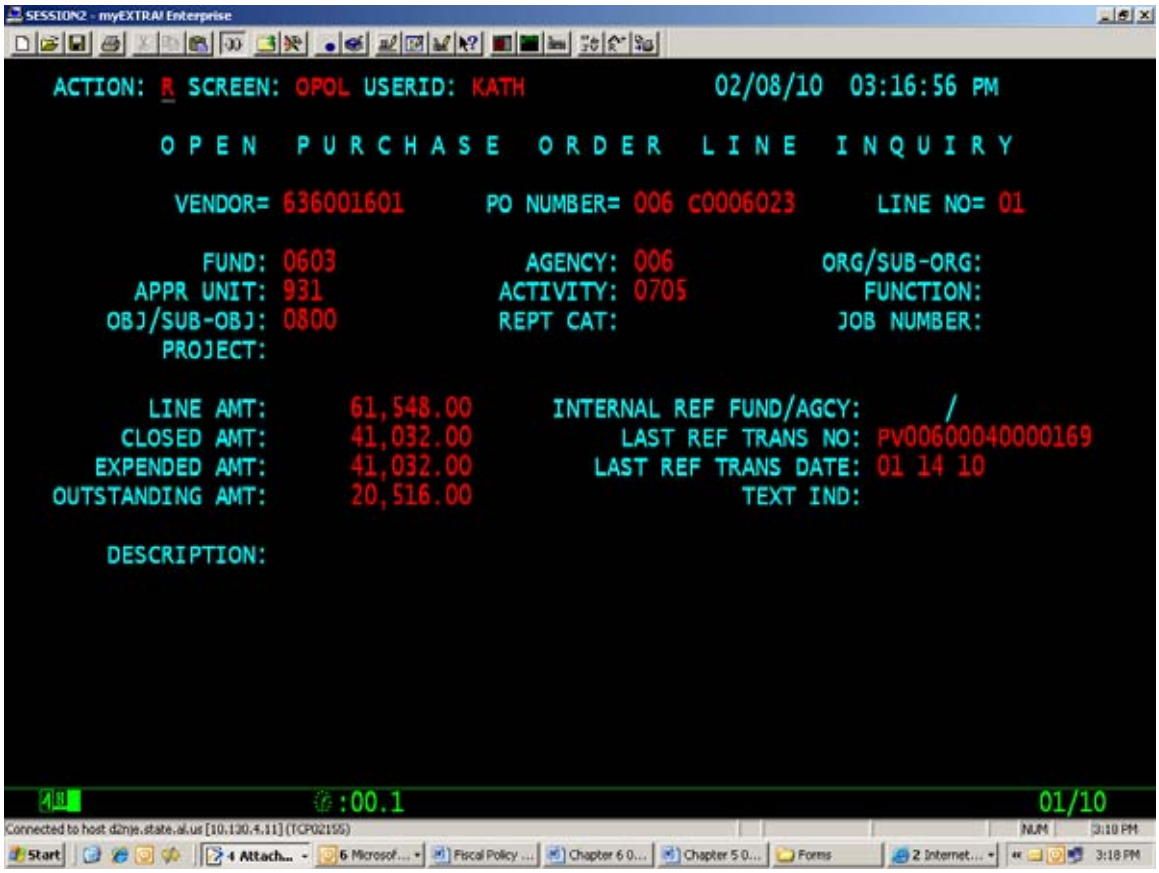


EXHIBIT 5-6-10
OPEN PURCHASE ORDER BY DOCUMENT (OPOD)

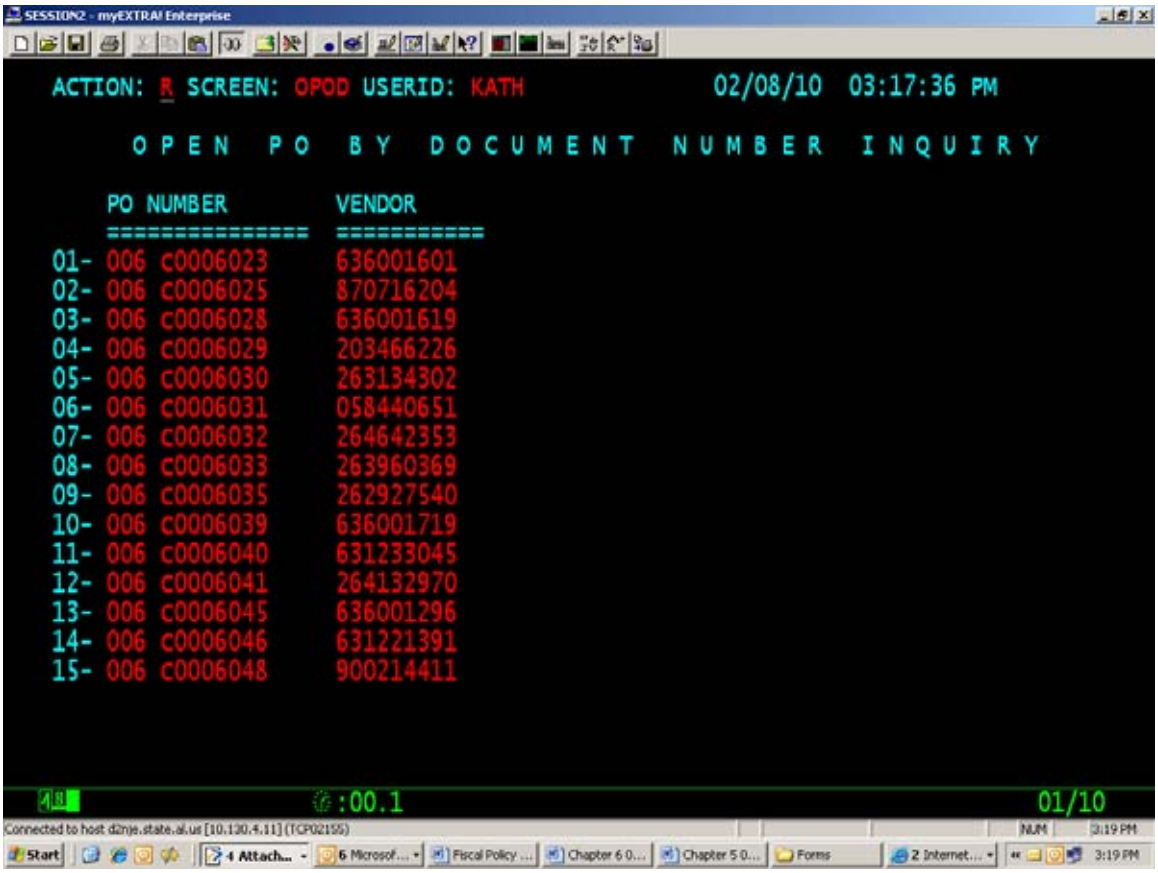
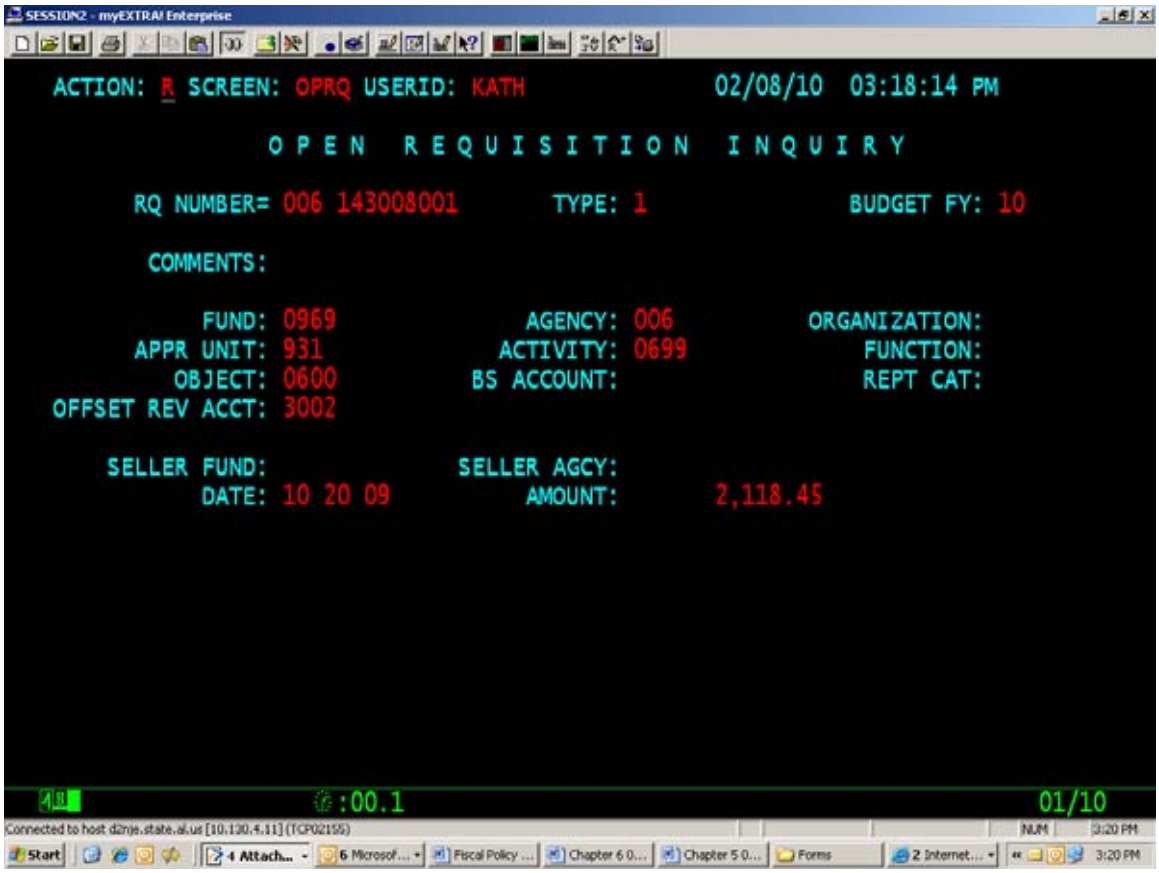


EXHIBIT 5-6-11
OPEN REQUISITION TABLE (OPRQ)



J. SOFTWARE/EQUIPMENT

Commercial Off the Shelf (COTS) software is not allowed to be purchased on a professional services contract. Pursuant to Code of Alabama 1975, Section 41-19-72, “Contracts for professional services shall be limited only to that portion of a contract relating to the professional service provided. Goods purchased by the state in conjunction with the contract for professional services shall be purchased pursuant to Section 41-16-20”.

CHAPTER 6
EXPENDITURES AND DISBURSEMENTS

6-1 STATUTORY REQUIREMENTS

The State Comptroller must determine that certain statutory requirements are met and that sufficient funds and budgetary authority exist before honoring a claim or an account against the State. The voucher request for payment and the required supporting documentation are audited to determine that the claim is legal and accurate. The automated accounting system verifies the department's available cash, appropriation, allotment, and expense budget balances before warrants are processed. Some of the specific code sections are referenced below which address legal requirements for specific types of payments.

Finance Rules and Regulations (Fiscal Procedures)
§41-4-35

Comptroller Duties
§41-4-50

Accounts Against State To Be Itemized
§41-4-54

Purchasing Procedures
§41-4-113

Governor's Approval
§41-4-55

Allotment of Appropriated Funds
§41-4-90

Travel Expense
§36-7-20 through 24
§41-4-57

Public Contracts
§41-16-20, 21, 50

Tax Exemption/Liability
§40-12-222
§40-17-2, 30, 31, 220
§40-21-50, 102,121
§40-26-1
§40-26B-2

6-2 DOCUMENT FLOW OF VOUCHER PROCESSING

A. PROCESSING PROCEDURES

Disbursements from the State Treasury are made in the form of expenditure warrants, payroll warrants, interface warrants, and journal warrants. Departments that have automated accounting systems are responsible for entering payment voucher transactions directly into their accounting systems. Exhibit 6-2-1 provides an overview of voucher processing for departments with automated systems. These departmental systems will produce a paper voucher form to accompany other supporting documentation to be submitted for pre-audit by the Comptroller's Office. Departments that do not have automated accounting systems that interface with the Central Accounting System (CAS), will complete voucher forms, attach the appropriate supporting documentation, and submit the voucher to the Comptroller's Office for processing. Exhibit 6-2-2 provides an overview of voucher processing for departments that are not automated.

To process a voucher for payment, appropriate documentation is necessary. The documentation must include:

1. A properly completed voucher, including the signature of the agency/department head or authorized designee

2. Original invoice

3. Material receipt with date received, quantity, and signature of employee acknowledging receipt of goods or approval on invoice as required

4. Other documentation as required on specific types of payments

The voucher form, with the supporting documentation attached, is submitted to the Comptroller’s Office for processing. Vouchers are date stamped when received and processed in that order.

All supporting documentation should be securely attached to the voucher. All vouchers are to be stapled in the top left-hand corner. When using a portrait style voucher, an additional staple may be needed at the top-center of the voucher. When using the landscape style voucher, an additional staple may be needed approximately halfway down the side of the voucher. The voucher should be assembled so that all information is visible and easy to read. Small receipts should be secured to a separate piece of paper before attaching to voucher. Use additional staples as necessary to ensure that the supporting documents are securely fastened to the voucher.

B. DEPARTMENT RESPONSIBILITIES

Departments should process the voucher payments with the proper accounting distribution. It is the responsibility of the department to ensure sufficient cash, appropriation, allotment, expense budget, purchase order or contract balances exist, and the proper vendor code is used. Failure to adhere to these requirements by the agency may cause a serious delay in payment and an unnecessary waste of time and effort.

The departmental auditor will audit vouchers for completeness and sign the vouchers. The departmental auditor will review vendor invoices and compare them to purchase orders to ensure the department is being properly billed for the goods or services ordered and received. The departmental auditor will verify the item, unit price, discount, freight, and other charges. The department head or designated individuals must approve vouchers by signing the affidavit section of the voucher. A letter of authorization with a sample of signatures of the department head and other individuals designated as signatory authorities must be on file in the Comptroller's Office.

Original signatures must be written in ink and contain the individual's name as it appears on the letter of authorization.

An original signature is required for the following documents:

All telephone authorizations (Form FD-PUR-1100) provided by State Purchasing Division must have the original signature of the department head or other designated individuals. The signature on the face of the accompanying voucher may be a facsimile.

All In-State Travel (Form FRMS-6), Out-of-State Travel (Form FRMS-6A), Promotional Expenses (Form FRMS-6B), and Travel Advance & Prepaid Travel Expenses (Form FRMS-4) require both the traveler and the notary signatures to be original.

The material receipt, acknowledging receipt of goods or services, requires an original signature.

EXHIBIT 6-2-1
DOCUMENT FLOW OF VOUCHER PROCESSING
FOR AUTOMATED AGENCIES

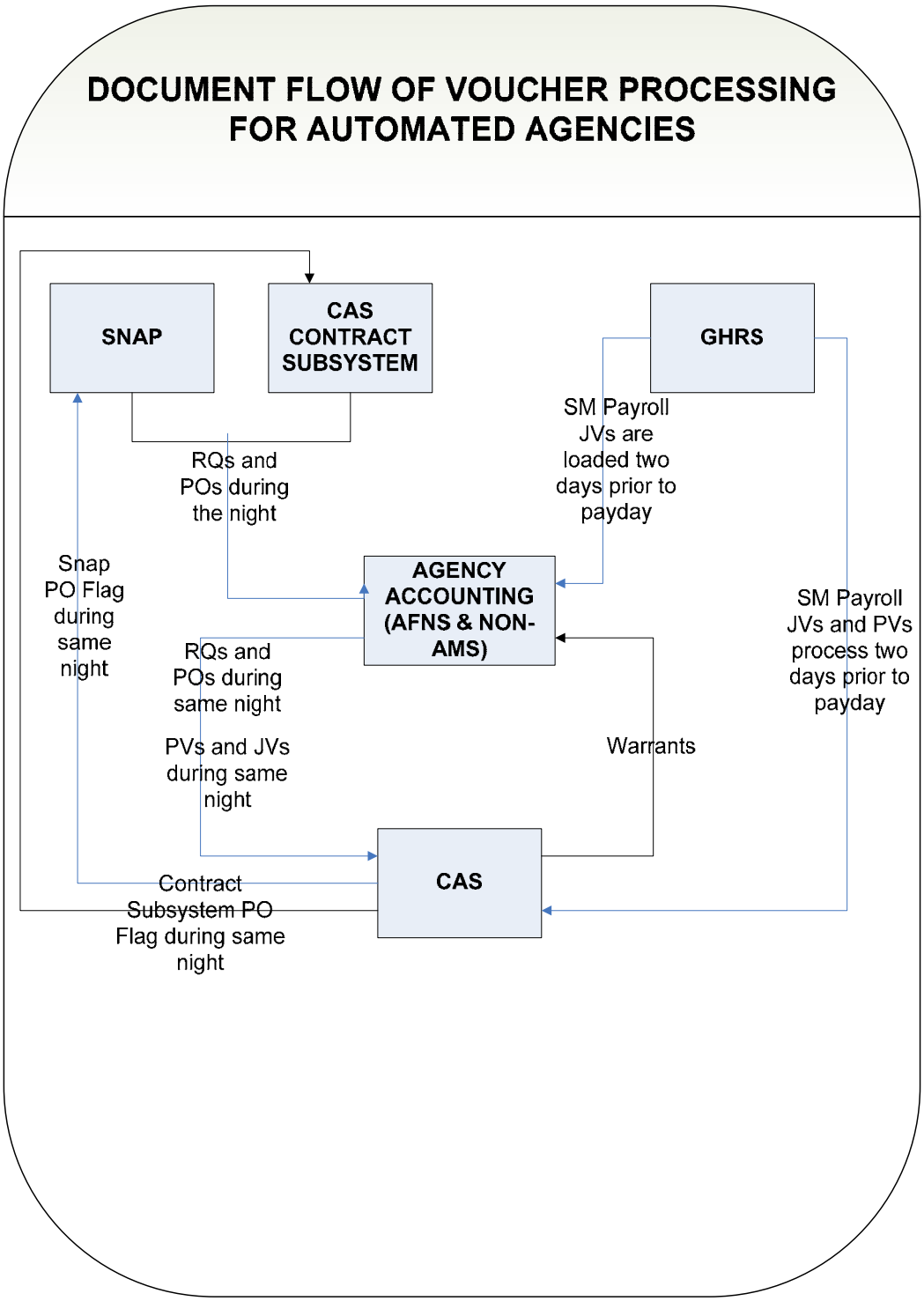
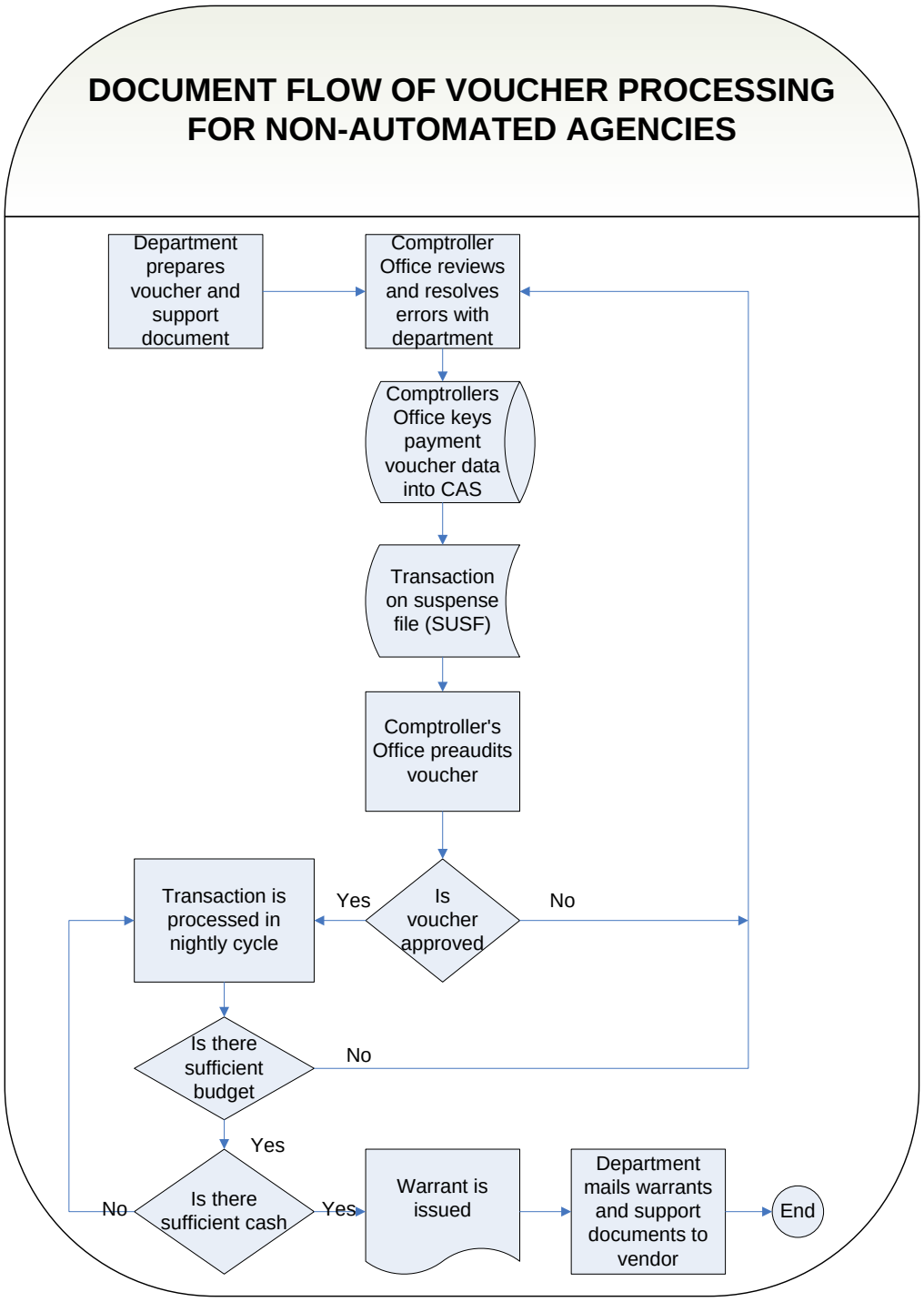


EXHIBIT 6-2-2
DOCUMENT FLOW OF VOUCHER PROCESSING FOR NON-AUTOMATED AGENCIES



C. PRE-AUDIT RESPONSIBILITY

Vouchers submitted for payment to the Comptroller's Office will be audited for accuracy, legality, proper supporting documentation, authorized signatures, and for compliance with state laws as well as fiscal policy and procedures. If the documents are incorrect or incomplete, the vouchers will be returned to the department for correction. A Voucher Correction Notice "Green Slip" (FRMS-23 - Exhibit 6-2-3) with an explanation will be attached to the returned voucher. The Voucher Correction Notice should be returned with the corrected voucher when the proper actions have been accomplished.

An original vendor invoice should be attached to the voucher. A copy of the invoice will be accepted only when accompanied by a signed statement (Initials will not be accepted.) that the original document is unavailable and that payment from a copy of the invoice will not result in a duplicate payment to the vendor.

Vouchers that require additional supporting documentation, signature(s), affidavit(s), etc., may be returned using the original voucher. These vouchers should be returned to the Accounts Payable Section of the Comptroller's Office and placed in the "Green Slip" basket.

Failure to follow the procedures outlined for processing vouchers, which have been returned to your department for correction, will result in further delays or denial of payment.

ADVANTAGE FINANCIAL STANDARD (AFNS) USERS

Returned vouchers that require changes to the account coding, amount, or the header record of the document will have to be corrected in the department's AFNS and resubmitted to the Comptroller's Office in a new batch. Corrected vouchers will be given priority treatment when placed in a new batch containing only corrected vouchers. Vouchers can be placed in a specific batch by using the "check category" field. The department may choose to re-voucher all green slipped vouchers. Please contact the AFNS Hot Line for further information concerning how to correct a voucher in AFNS or for procedures using the check category.

NON-AMS AND MANUAL USERS

The procedures for AFNS users apply to Non-AMS agencies except situations that require a change in the Central Accounting System (CAS) and not the agency's system. Under this situation, the corrected voucher may be returned to the Accounts Payable Section of the Comptroller's Office. For additional information contact the Administrative Accounting Section of the Comptroller's Office.

All departments must return the Voucher Correction Notice with the corrected voucher.

EXHIBIT 6-2-3
VOUCHER CORRECTION NOTICE (FRMS-23)
"GREEN SLIP"

FRMS-23
Rev. 01/2009

STATE OF ALABAMA
DEPARTMENT OF FINANCE
DIVISION OF CONTROL AND ACCOUNTS
VOUCHER CORRECTION NOTICE

Date_____

_____Rejected
_____Returned per request
_____Deleted from Batch

To:_____

Batch No:_____ Voucher Number:_____

This voucher is being returned for the following reason:

General		**Travel**	**Accounting**
____Voucher Amount	____Original Invoice	____Mileage	____Object Code
____Invoice Amount	____Material Receipt	____Per Diem	____Expense Budget
____Document Total	____Deduct Tax	____Base	____Appropriation/Allotment
____Duplicate Voucher No.	____Deduct Late Fee	____Time	____Accounting Period Closed
____Duplicate Invoice No.	____Correction Notice	____Date	____Amt. exceeds PO/Contract
____Invalid Vendor	____Itemized Invoice	____Affidavit	____Ref PO/Contract on PV
____Vendor on Hold	____Property Numbers	____Meal Receipts	____Cash Balance
____Vendor Name/Number	____See attached	____Travel Authorization	____Not in CAS
____Space Mgmt Lease #	____Tag Number	____Notary	____Board of Adjustments
____Signature ☐PV ☐ MR	____Assemble voucher(s)	____Dept Approval	____Authority to Purchase

Other _____

_____

_____

Approved By_____ Pre-Audit_____

THIS NOTICE MUST BE RETURNED WITH CORRECTED VOUCHER

6-3 TYPES OF WARRANTS

A. ISSUANCE OF PAYROLL WARRANTS

The processing and documentation of payroll warrants is discussed in the Payroll/Personnel section of this Manual.

B. ISSUANCE OF INTERFACE WARRANTS

With the approval of the State Comptroller, departments retain the supporting documentation and submit an electronic file for the issuance of interface warrants. A printed warrant register supporting the file and the required authorizing signatures must be sent to the Comptroller for retention. Currently, the departments authorized to submit interface files are the Department of Human Resources, Department of Revenue, Retirement Systems, Alabama Department of Economic and Community Affairs, Division of Risk Management, and the Alabama Peace Officers' Annuity and Benefit Fund. Specific procedures apply for the issuance of each warrant type.

C. ISSUANCE OF EXPENSE WARRANTS

As an internal control over expenditure warrants, payment vouchers are required before the issuance of a warrant. The voucher form is required to have invoices, receipts, and other evidence of obligation attached, showing the authority for payment and the accounts to be charged. A voucher must accompany the request for payment to a vendor for goods that have been received and for services that have been rendered. Generally, the State does not allow prepayment for goods or services because there is no authorizing statute. However, there are three exceptions: prepayment to the Federal government (*Code of Alabama 1975*, §41-4-114(c) as amended), travel advances for Department of Revenue examiners (*Code of Alabama 1975*, §40-2-9 as amended) and advance travel/prepaid travel expense (*Code of Alabama 1975*, §36-7-24, §36-7-25 as amended).

6-4 ACCOUNTING EFFECTS OF EXPENDITURE TRANSACTIONS

There are four basic types of payments made on a payment voucher; those that reference a purchase order (PO) or contract, those that do not reference a PO or contract but reference an expenditure object code, refunds of revenues, and distributions from balance sheet accounts.

Payment vouchers that do not reference a PO or contract are recorded as direct disbursements; they increase the amount expended against the department's appropriation and allotment. The accounting entry made at the time of the transaction is a debit to the Expenditures account and a credit to the Vouchers Payable account.

In order to liquidate a PO or contract, they must be referenced on the payment voucher. The accounting entry made when processing a payment voucher that references a PO or contract is:

Expenditure
    Vouchers Payable

Reserve for Encumbrances
    Encumbrances

When an entity has overpaid the State, a refund of revenues should be made to the entity. The voucher must include the revenue source code originally used to record the revenue. The accounting effects of the transactions are a debit to the Revenue account and a credit to the Vouchers Payable account.

Distributions made by the State from a Balance Sheet account should have the Balance Sheet account referenced on the payment voucher (care should be taken that the distribution is made from the fund and balance sheet account to which the deposit was made). The accounting effect would be a debit to the Balance Sheet account and a credit to Vouchers Payable account.

6-5 PAYMENT TYPES

A voucher must be prepared for all payments. Certain types of payments have additional documentation requirements, payment limits, and other conditions that must be met before payments are processed. They include:

A. Purchases with a purchase order

B. Goods and services purchased without a purchase order

C. Non-purchasing contracts

D. Non-commodity purchases

E. Interfund purchases

F. Travel reimbursement for in-state and out-of-state travel

G. Contract travel for group functions

H. Advance travel/prepaid travel expenses

I. Applicant's travel expenses for recruitment purposes

J. Promotional expenses concerning trade or industrial development - actual expenses

K. Reimbursement of employee moving expenses

L. Reimbursement of employee training and related expenses

M. Professional services contracts

N. Payment of refunds

O. Payment of multiple payees using a list voucher

P. Disbursements charged to balance sheet accounts

A. PAYMENT FOR PURCHASES WITH A PURCHASE ORDER

1. MATERIAL RECEIPT FORM

When a department receives the shipment of materials purchased, the individual that accepts delivery of the goods must complete a Material Receipt Form. The individual signs the material receipt form certifying that the goods were received, noting any shortages or damaged goods. The original and one copy of the material receipt are forwarded to the accounting section of the department. The individual receiving the materials retains one copy.

The department purchasing the goods or services will receive an invoice from the vendor. The material receipt should be compared to the vendor invoice for accuracy. If the department has been billed in error or if there are shortages, a Vendor Invoice Correction Form "Blue Slip" (FRMS-47 Exhibit 6-5-2) should be completed. Corrections should be noted on the vendor invoice. The original vendor invoice, the original material receipt, and a copy of the Vendor Invoice Correction Form, if applicable, should be submitted to the State Comptroller's Office with the voucher as supporting documentation. The purchase order number must be included on the payment voucher to liquidate the purchase order. The property inventory numbers should be identified as such and referenced on the material receipt for all equipment items costing $500.00 or more and all purchases of weapons, or for items coded as a betterment to a general fixed asset.

2. COST OVERRUNS ON PURCHASE ORDERS

Departments will be required to submit a Purchase Order Change (FD-PUR 1200 Exhibit 4-7-1) to State Purchasing if the cost overrun exceeds $100.00. All freight charges (prepaid or added by vendor) must reference the Purchase Order (PO) number on the voucher.

Any cost overrun of less than $100 per purchase order should be liquidated by referencing the proper PO number, and using the F in the final indicator column. However, after the close of the 13th accounting period, cost overruns to prior year purchase orders cannot be paid. The PO overrun tolerance is set to zero after the close of the 13th Accounting Period. It is imperative that each agency increase the PO amount relating to cost overruns in shipment or freight charges before the close of the 13th accounting period. After the close of the 13th accounting period the vendor will be required to file a claim with the Board of Adjustment to cover any amount not on purchase order.

3. COSTS ARE LESS THAN PURCHASE ORDERS

If the final cost is less than the purchase order, the purchase order can be closed by using the F in the final indicator column of the payment voucher. Once a PO is closed, it cannot be opened after the end of the fiscal year.

EXHIBIT 6-5-1
INVOICE CORRECTION NOTICE (FRMS-47)
"BLUE SLIP"

Form FRMS 47
Rev. 06/1999

STATE OF ALABAMA
INVOICE CORRECTION NOTICE

Department_____ Division_____ Date_____

Invoice No _____ Purchase Order No._____
Invoice Date _____

Current Amount $_____ Reason For Correction_____
Corrected Amount _____ _____
Difference _____ _____
_____

DO NOT SEND CORRECTED INVOICE OR CREDIT MEMORANDUM, AS ADJUSTMENT HAS BEEN MADE ON THE FACE OF YOUR INVOICE.

Vendor Name_____ By_____
Vendor Address_____ Signature
_____ State of Alabama
_____

B. PAYMENT FOR GOODS AND SERVICES PURCHASED WITHOUT A PURCHASE ORDER

1. PURCHASES UP TO AND INCLUDING $500

A department has the authority to purchase goods and services of an emergency or non-recurring nature without prior approval from Purchasing for purchases, including freight charges, up to and including $500. Upon receipt of the goods or services and the vendor invoice, a voucher should be prepared and submitted to the Comptroller's Office. The original vendor invoice must be attached to the voucher. The voucher may be signed by the departmental auditor. The department head or designee must sign “departmental approval” on the face of the voucher. This must be an original signature and not stamped or initialed.

2. PURCHASES FROM $500.01 TO AND INCLUDING $7,499.99

Prior approval must be obtained from Purchasing to purchase goods or services from $500.01 to $7,499.99. The department must contact the Purchasing buyer responsible for purchases of the goods. Freight charges up to $100 will be allowed for telephone authorizations from $500.01 to $7,399.99 provided the phone authorization states “plus freight”. Freight charges for non-equipment contract purchases shall be included in the $500 requirement. The buyer will provide approval in the form of a telephone authorization. An authorization form will be completed by the buyer indicating the quantity, description, and price of the goods to be purchased. Upon receipt of the goods and the vendor invoice, the department will prepare a voucher. The original telephone authorization form must be attached to the voucher. If multiple payment vouchers are required, a copy of the phone authorization referencing the original payment against the phone authorization and any subsequent payments may be used.

C. PAYMENT OF NON-PURCHASING CONTRACTS

Generally State Purchasing approval is required for commodities and for routine services such as pest control. Non-commodity purchases may require the approval of different authorities as listed below:

Building Contracts and Architectural Services require the Building Commission's approval.
Real Estate Rental requires Space Management's approval.
Salaries and Wages require State Personnel's approval.
Professional Services Contracts may require approval by State Personnel and the Legislative Contract Review Committee.
Bonds of Officials or Employees and Insurance require Risk Management's approval.

Attorneys providing legal services to the State of Alabama must first obtain a Deputy Attorney General appointment from the State Attorney General before performing legal services for any state agency. A copy of the appointment letter or approval by the Attorney General should be attached with the legal services invoice as supporting documentation for the payment voucher. Also, the Governor's Legal Advisor (per Executive Order) must approve legal services that exceed $85 per hour before payments can be made.

It is the department's responsibility to obtain all of the necessary approvals prior to submitting the voucher for payment. The department should audit the vendor invoice and make corrections on the face of the invoice, where necessary. A vendor invoice correction form is not required.

The vendor invoice should be used to prepare a voucher for submission to the State Comptroller's Office for payment. The department should include a typed statement on the face of the voucher that the contract is on file in the department and has been approved by all officials required by law. The department should not approve the final payment of a contract unless all work has been completed and the completion has been advertised as required by law (*Code of Alabama 1975*, §39-2-12, as amended). The invoice or estimate should be attached to the voucher and submitted to the Comptroller's Office for processing. If the contract has an assigned contract number on the professional service contract system, that number must be referenced on the payment voucher to liquidate the proper encumbrance account. (See Chapter Five for detailed information on contracts.)

D. PAYMENT OF NON-COMMODITY PURCHASES

The following items do not require the use of a purchase requisition, purchase order, or any required purchasing approvals.

Utility services, such as gas, water, and electricity

Insurance (requires approval by State Risk Manager)

Real estate (requires Space Management's approval) and meeting room rentals

Postage, Post Office box rental, postal permits (Agencies located in downtown Montgomery are required to use Central Mail and Supply)

Membership dues

Books and subscriptions to periodicals or magazines for $500 or less

Freight (directly paid to a regulated motor carrier, delivery service or other courier service)

E. PAYMENT OF INTERFUND PURCHASES

When a department purchases goods or services from another state agency, the state agency providing the goods or services invoices the department that benefited from those goods or services. Purchasing approval is not required for purchases made from another state agency. Each agency that provides goods or services is assigned an **AGCY** vendor number in the common vendor file. The AGCY number must be used for all vouchers payable to state agencies.

F. PAYMENT FOR REIMBURSEMENT OF TRAVEL EXPENSES

1. IN-STATE TRAVEL

Employees who travel in state should submit travel vouchers to the department not more than bi-weekly. The invoice would then be processed in the same manner as any other invoice. Expenses should be itemized on an in-state travel Form FRMS-6 (Exhibit 6-5-3). The expense form must be typed or in ink, be signed by the traveler and notarized. The Comptroller's Office requires that the points of travel be shown for reimbursement of mileage. In addition, the hour of departure from and the hour of return to base should be shown on the travel expense form ONLY when the employee is away from base for six hours or more and is entitled to per diem. For travel related expenses, your base is defined as a city or town. Emergency and necessary expenditures incurred in connection with travel require supporting documentation and should be held to a minimum.

a. Per Diem Allowance

The guidelines for travel reimbursements are established by state law as follows (*Code of Alabama 1975*, §36-7-20 through 36-7-23, as amended).

The term overnight, as used in *Code of Alabama 1975*, §36-7-20, as amended, means exactly what the word implies. The common law meaning of night usually means the period between sunset and sunrise. Another rule often applied is that night is defined as beginning thirty minutes after sunset and ending thirty minutes before sunrise. Individuals whose work hours are during the night period are in work status and are not entitled to overnight per diem. Employees within reasonable travel distance from their home or base are expected to return to their home or base. For travel related expenses, your base is defined as a city or town. Individual circumstances will determine what is reasonable but generally, a trip of 100 miles or less one-way does not require an overnight stay. Exceptions to the policy may be approved by the department director. The travel allowance is set at $75.00 per day effective September 8, 2005.

"The amount allowable to a person traveling inside the State of Alabama, in the service of the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees, or other like agencies, for expenses other than transportation may be fixed by the Governor at not less than $50.00 and not more than $75.00 per day. Such maximum or limit when fixed from time to time shall be uniform in operations as to all persons traveling within the state on official business. The current allowance for overnight per diem is $75.00.

For travel requiring an overnight stay, the traveler may be paid the current daily reimbursement rate for each full day and portion of a day, for the duration of travel (Attorney General's Opinions issued August 1, 1972, October 8, 1975, and October 30, 1979).

The per diem is not to be paid to an employee stationed at the same place in the State for a period in excess of two consecutive months. After two consecutive months, the per diem is reduced to $56.25 per day (75% of daily rate). The per diem includes all charges for meals, lodging, fees, and tips (Attorney General's Opinion issued September 8, 1952, vol. 68, p.63).

Under no circumstances will an employee be paid an overnight travel allowance at the official station or base or primary residence. For travel related expenses, your base is defined as a city or town. If state business requires the traveler to be away from the base or official station on weekends or holidays, the traveler will be entitled to reimbursement for travel for those days.

If the individual's travel is interrupted for personal convenience or through the taking of leave, the travel allowance may not exceed the costs that would have been incurred for authorized uninterrupted travel.

No travel allowance shall be paid for a trip of less than six hours' duration. For travel that does not require an overnight stay, the traveler shall be paid a meal allowance of $11.25 (15% of the regular per diem rate) for a trip of from six to twelve hours' duration. For travel in excess of twelve hours' duration the traveler shall be paid $30.00, which represents one meal allowance and one-fourth of the per diem allowance.

No meal allowance will be paid if the traveler remains in the city where his/her home or base is located. For travel related expenses, your base is defined as a city or town.

b. Reimbursement For Mileage Expenses

Effective January 1, 2010, persons traveling on official business for the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees, or other like agencies in privately owned vehicles shall receive $.50 per mile in lieu of their actual expenses for transportation. Officers and employees of the state are entitled to mileage allowance from their base to destination and return or for miles actually traveled from home to destination and return, whichever is less. For travel related expenses, your base is defined as a city or town.

Mileage is to be reported in whole miles, rounded to the nearest whole number. To calculate the amount to be reimbursed, all mileage listed on the in-state travel form must be totaled and then multiplied by the applicable rate. The reimbursement rate for mileage expenses is equal to the mileage rate allowed by the Internal Revenue Code for income tax deductions. Employees based in the city of Montgomery, are required to use State Motor Pool vehicles rather than privately owned vehicles. Reimbursement for mileage will not be paid unless the employee has a "for cause" exemption approved by the Director of Finance or a certification from the State Motor Pool that no motor pool car was available for use. A copy of the applicable document should be submitted with the travel claim. An exception applies when the traveler will be away from his base a maximum of 50 miles (one-way). In this case, it is not necessary to obtain a State Motor Pool exemption.

Employees who travel in either a State or privately owned vehicle will be reimbursed for the amount paid for storage of the automobile while on travel status (Attorney General's Opinion issued September 8, 1952).

c. Required Receipts

Receipts are required to support the following expenses, except when the disclosure of the identity of the traveler would be detrimental to the State's interest:

Registration fees - include itemized breakdown, if applicable.

Operating expenses of state-owned vehicles, such as gasoline and oil, emergency repairs or expenses of these vehicles, such as punctures, parts, etc. Receipts for repairs must be itemized and conform to the requirements of Purchasing (Section 6-5, B)

Stenographic or typewriting services. These services must be authorized or approved by the Director of State Personnel.

Parking Fees, Taxi Fees

Miscellaneous expenses. Receipts must be itemized and conform to the requirements of Purchasing (Section 6-5, B)

d. Reimbursement for Actual Expenses

Individuals who travel within the State of Alabama in the service of the State and are allowed actual and necessary expenses in lieu of the in-state travel allowance should submit an itemized travel expense form to the department on Form FRMS-6D. The specific law authorizing actual expenses for in-state travel or the national organization in which the State is a dues paying member should be cited on the travel expense form. The traveler must also have an In-State Travel Authorization Form in writing from the Governor on Form FRMS-5A Request for In-State Travel, where applicable, or other designated officer (*Code of Alabama 1975*, §36-7-21, as amended). The approved Request for In-State Travel must accompany the travel expense form.

The traveler is to be reimbursed for actual expenses for meals when traveling in-state. Itemized receipts are required that indicate what was purchased, date, name, and location of the restaurant, and the number of persons served. In the unlikely event that an itemized receipt cannot be obtained, an un-itemized receipt may be submitted along with an affidavit, **signed by the traveler**, indicating what was purchased, the number of persons served and certifying that no alcohol was purchased. Reimbursement for meals for a person other than the traveler will not be allowed. The traveler may submit meal expenses of up to $39.00 per day without providing receipts.

Breakfast will only be allowed for travel that begins at 6:00 a.m. or before and a dinner meal will be allowed if the traveler returns to base after 6:00 p.m.

When meals are provided to the employee, the $39.00 amount allowed for meals with no receipts is to be adjusted downward by $13.00 for each meal provided. Meals are to be reasonable for the location and individuals will not be reimbursed for alcoholic beverages.

EXHIBIT 6-5-2
STATEMENT OF OFFICIAL IN-STATE TRAVEL (FRMS-6)

STATE OF ALABAMA
STATEMENT OF OFFICIAL IN-STATE TRAVEL

Department/Agency _____ Code Number _____ Division _____ Funds _____

APPROVED _____
Department Head

Official Station or Base

Name
Address
City State Zip
SSN
Above Space for Name, Address & SSN of Traveler

Month And Date	POINTS OF TRAVEL From City/County	POINTS OF TRAVEL To City/County	Private Car Miles	Hour of Departure From Base AM	Hour of Departure From Base PM	Hour of Return to Base AM	Hour of Return to Base PM	Amount Per Diem Claimed

Total Number of Miles Traveled	TOTAL PER DIEM CLAIMED	
	MILEAGE (# of miles x mileage rate)	
Detail miscellaneous expense and furnish receipts when required. This space for departmental approval, etc. Use extra sheets when necessary.	MISCELLANEOUS EXPENSE	
	TOTAL THIS EXPENSE ACCOUNT $	

I HEREBY CERTIFY that the travel and expense indicated hereon was accomplished in the performance of official duties pursuant to travel granted me.

_____
Signature of Traveler

Sworn to and subscribed before me this _____ day of

_____

_____
Notary Public

2. OUT-OF-STATE TRAVEL AUTHORIZATION

Out-of-state travel is authorized in the *Code of Alabama 1975*, §36-7-21. The following guidelines apply to out-of-state travel.

"Persons traveling in the service of the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees or other like agencies...outside the state of Alabama shall be allowed all of their actual and necessary expenses, in addition to the actual expenses for transportation; provided that such travel shall have first been fully authorized in writing by the governor..." or other designated official as prescribed by law. The traveler must complete a Request for Out-of-State Travel (Form FRMS-5). If the traveler will be spending the night in another city in order to catch an 8 a.m. or earlier flight, the traveler should include that night as his/her first night of out-of-state travel. This night should be on the authorization and the traveler will only be entitled to reimbursement of the itemized hotel receipt.

The out-of-state travel expense Form FRMS-6A (Exhibit 6-5-4 Request for Out-of-State Travel) approved by the Governor or other officer, where applicable, should be attached to the travel expense form along with supporting receipts. The travel expense form should be audited by the employee's department, and both the travel expense form and the voucher must have approvals by the department head or other designated authority. A copy of the approved Request for Out-of-State Travel should also be attached to vouchers submitted for additional travel-related expenses, such as transportation, not paid directly by the employee. The Request for Out-of-State Travel must be amended and approved by the Governor if there are deviations from the original travel itinerary.

a. Expenses For Personal Service Charges

The amount paid as tips for personal service charges, such as food service and baggage handling, should be included on the travel expense form. The amount of these expenses should not exceed the usual and customary charges for these services. The cost of tips paid for meals should be included on the travel expense form as part of the cost of the meal. The service cost for a hotel room, if included in the hotel billing, should be included in the price paid for the hotel room. The cost of tips paid for the transfer of baggage should be itemized on the travel expense form in the miscellaneous section with the date paid (Attorney General's Opinion issued July 14, 1975).

b. Mileage Expenses

Reimbursement for mileage expenses for persons traveling in privately owned vehicles is covered by *Code of Alabama 1975*, §36-7-22, as amended. Refer to the Reimbursement for Mileage Expenses section regarding allowable expenses.

Effective January 1, 2010, the mileage reimbursement rate is $.50 per mile. This allowance will not be paid unless the employee has a "for cause" exemption approved by the Director of Finance or a certification from the State Motor Pool that no motor pool car was available for the individual's use. Employees who are authorized to travel in either a State or privately owned vehicle shall be reimbursed for the amount of parking paid while on travel status (Attorney General's Opinion issued September 8, 1952)

Mileage is to be reported in whole miles (round to nearest whole dollar). The total number of miles is to be calculated and then multiplied by the current mileage rate.

If the individual's travel is interrupted because of personal convenience or through the taking of leave, the travel allowance may not exceed the costs that would have been incurred for uninterrupted travel as authorized by the head of the department or agency or by an official to whom such authority has been properly delegated.

c. Mode Of Transportation

Each department is responsible for selecting the mode of transportation, preferably the least costly to the State, and obtaining approval from the Governor. After the department selects the mode of transportation, and obtains approval from the Governor, deviations are not allowed. The traveler is entitled to reimbursement for actual and necessary expenses incurred based on the authorized mode of travel. Reimbursement will not be made for private automobile use when the approved mode is commercial or for commercial travel when the approved mode is private automobile use.

d. Reimbursement of Actual Expenses

Individuals who travel outside the State of Alabama in the service of the State should submit an itemized travel expense form to the department on Form FRMS-6A (Exhibit 6-5-4). The traveler must also have an Out-Of-State Travel Authorization in writing from the Governor (Request for Out-of-State Travel, Exhibit 6-5-5), where applicable, or other designated officer (*Code of Alabama 1975*, §36-7-21, as amended). The approved Request for Out-of-State Travel must accompany the travel expense form.

The traveler is to be reimbursed for actual expenses for meals when traveling out-of-state. Itemized receipts are required that indicate what was purchased, date, name, and location of the restaurant, and the number of persons served. In the unlikely event that an itemized receipt cannot be obtained, an un-itemized receipt may be submitted along with an affidavit, **signed by the traveler**, indicating what was purchased, the number of persons served and certifying that no alcohol was purchased. Reimbursement for meals for a person other than the traveler will not be allowed. The traveler may submit meal expenses of up to $39.00 per day without providing receipts.

Breakfast will only be allowed for travel that begins at 6:00 a.m. or before and a dinner meal will be allowed if the traveler returns to base after 6:00 p.m.

When meals are provided to the employee, the $39.00 amount allowed for meals with no receipts is to be adjusted downward by $13.00 for each meal provided. Meals are to be reasonable for the location and individuals will not be reimbursed for alcoholic beverages.

e. Receipts Required

Receipts will be required for the following expenditures, except where the disclosure of the identity of the traveler would be detrimental to the State's interest:

Commercial transportation (coach/tourist fare), vehicle rental (the State does not pay for rental insurance), and gasoline purchases.

Motel / hotel lodging (single rate only).

Registration fees with itemized breakdown. Request for reimbursement for additional meals is illegal and will be disallowed when included in registration fee.

Meals (traveler only) that exceed $39.00 per day total.

Operating expenses of state-owned vehicles, such as gasoline, oil, and emergency repairs. Repairs must be itemized and conform to Purchasing requirements (Section 6-5, B).

Stenographic or typing services. These services must be authorized or approved by the Director of State Personnel.

Parking Fees, Taxi Fees and Miscellaneous expenses. Receipts must be itemized and conform to Purchasing requirements (Section 6-5, B).

f. Completing And Assembling The Voucher

The Form FRMS-6A must be signed by the traveler and notarized. The Comptroller's Office requires that the hour of departure from and the hour of return to base be shown on the itemized travel form for audit purposes. The Form FRMS-6A that is signed, notarized, and approved, and the authorization to travel (Request for Out-of-State) along with any required receipts, should be attached to the voucher. All documents supporting the voucher should be securely stapled to the voucher in the top left-hand corner and, if needed, in the top center if it is a portrait voucher, and approximately halfway down the side if it is a landscape voucher. Attach supporting documentation so it will be visible for auditing.

EXHIBIT 6-5-3
OUT-OF-STATE TRAVEL AUTHORIZATION (FRMS-5)

Request is respectfully made for authorization of travel for the purpose of

_____

_____

(Use reverse side if needed)

in the city of _____ State of _____

Mode of Transportation _____
Lodging (Specify hotel if known) _____
Date of Departure _____
Date of Return to Home Base _____

ESTIMATED COST:

Transportation _____
Conference Fee _____
Registration Fee _____
Room _____
Meals _____
In City Transportation:
Taxi _____
Car Rental _____
Total _____

EXPENSES WILL BE PAID FROM:

State Funds _____ Federal Funds _____ Charge To: _____
Fund

Signature _____ Approved _____
Employee Division Head

Name _____ Approved _____
(Please type or print) Departmental Director

SSN _____ Approved _____
Governor

EXHIBIT 6-5-4
STATEMENT OF OFFICIAL OUT-OF-STATE TRAVEL (FRMS-6A)

STATE OF ALABAMA
Statement of Official Travel

Department/Agency | Code Number | Division | Funds

Name of Traveler | Social Security Number | Official Station or Base

Address of Traveler (including street, city, state, and zip code) | Purpose of Travel

The mileage and subsistence expense indicated in this expense account has been previously authorized and has been checked for compliance.

APPROVED:

Departmental

I Hereby Certify That the Within Account in the Amount of is correct, due, and unpaid.

Signature of Payee

Sworn to and subscribed before me this _____ day of _____.

Notary Public

RECAPITULATION OF EXPENSES

Travel Expenses	Amount	Emergency and Necessary Expenses Incurred in Connection with Travel	Amount
Commercial Transportation (incl rental car/gas) 0400-02		Total other expenses such as postage, fax, telephone, parking, baggage, handling, tolls, etc. 0400-07	
Mileage, private car 0400-01			
Meals and lodging 0400-03			
SUBTOTAL TRAVEL EXPENSES		GRAND TOTAL TRAVEL EXPENSES	

ITEMIZED STATEMENT OF NECESSARY TRAVELING EXPENSES INCURRED FOR PERIOD TO

Date mm/dd/yy	Points of Travel		Hour of Depart/ Return	Private Car Miles / Fare Description	Commercial Fare Amount	SUBSISTENCE			Total Meals	Lodging	Total Meals & Lodging	Emergency & Necessary Expense	
	From City/State	To City/State				Breakfast	Lunch	Supper				Detail	Amount
TOTALS													

G. CONTRACT TRAVEL FOR GROUP FUNCTIONS (IN-STATE)

Code of Alabama 1975, §36-7-20, as amended, provides that a department may contract with a facility whereby expenses for meals and lodging are paid by such contract on behalf of the employees who are required to attend training sessions, schools, seminars, or other group functions. This provision is also allowed in instances when employees are assigned to assist in suppressing on-going natural disaster situations or other emergencies.

The department may pay the cost of room and board directly to the facility providing the services. Employees who must travel a distance that would require a meal while in route will be allowed a meal allowance based on the amount of time required for the commute. In no case can the cost of these services, including any meal allowances, exceed the amount allowed an individual employee for per diem for in-state travel.

When submitting a voucher to the Comptroller's Office for payment of Contract Travel, an itemized invoice will be required, as well as the following:

Purpose of seminar

Location and Date(s) of meeting

List of individual names attending

The number of nights lodging and room cost for each individual

The number of meals served and meal cost for each individual

The total cost for each individual

If an employee is filing for mileage reimbursement, the name and the location of the training session or seminar must be indicated on the travel claim form. Also, the date and time of departure and return to base, and each day's attendance at the session must be shown on the FRMS-6, even though no per diem is due. If a meal is being claimed while in route the travel claim must indicate the time the contract travel takes effect. It should be noted on the FRMS-6 that no per diem is claimed due to contract travel status. If no mileage and/or meal allowance is claimed, no travel claim should be filed.

H. ADVANCE TRAVEL/PREPAID TRAVEL

Code of Alabama 1975, §36-7-24 and 36-7-25, as amended, authorizes advances for travel and prepayment of travel expenses for officers and employees of the state when traveling within or outside of the state on official business. Travel advances are defined as payments made directly to the traveler prior to the travel event. Prepayment of travel expenses is defined as payments made directly to a vendor prior to the travel event. It will be the department's responsibility to maintain detail accounting records of travel advances and prepaid travel expenses for audit purposes.

No travel advances or prepayment of expenses will be made from one fiscal year's appropriation when the trip is to be made in a different fiscal year (travel advance or prepayment of expenses cannot be made with funds from the current budget fiscal year appropriation when the trip will occur in the following budget fiscal year). Payment vouchers related to advance travel or prepayment of travel expenses must be processed in the fiscal year that the trip occurs or in the thirteenth accounting period for that fiscal year. Cash receipts for refunds of advance travel received after the end of the fiscal year will be coded to the current fiscal year and prior budget year.

The following guidelines govern eligibility and the processes required for advanced travel and prepayment of travel expenses.

1. ELIGIBILITY FOR ADVANCE TRAVEL AND PREPAYMENT OF TRAVEL EXPENSES

The individual must be an officer or a full time employee of the State (contract individuals are not eligible for advance travel).

No individual may have more than one travel advance outstanding at any time. A transaction in process at the Comptroller's Office will not be considered outstanding.

The maximum advance for any individual shall be the lesser of the individual's bi-weekly (semi-monthly where applicable) salary or the estimated cost of the trip (the amount on form FRMS-4), except with written approval of the Director of Finance.

The trip must be authorized by the department and be for official State business.

Individuals who have obtained American Express credit cards through the State should not need an advance for travel expenses. However, should just cause be provided, the individual's application may be accepted.

An out-of-state travel request, signed and approved by the Governor, must be submitted with the FRMS-4 for travel outside the state.

2. APPLYING FOR ADVANCE TRAVEL OR PREPAYMENT OF EXPENSES

The traveler should complete form FRMS-4 Exhibit 6-5-7, and it must be signed by the traveler, notarized, and be approved by the department head. Advance travel and prepayment of travel expenses are allowed at the discretion of the department head. The dollar amount to be advanced and/or prepaid must be indicated on the form in the proper column. The amount advanced and/or prepaid may not exceed the amount on form FRMS-4. The employee and the department head must initial any alterations on the form.

When making advance payments or prepaid expenses for promotional expenses, all applicable procedures for promotional expense in the *State of Alabama Fiscal Procedures Manual* must be followed. Also, form FRMS-6C in addition to form FRMS-4 must be properly completed and attached when processing payment vouchers.

3. PROCESSING THE INITIAL PAYMENT VOUCHER

When making an advance to the employee, object code 0300 13 for in-state and 0400 13 for out-of-state and balance sheet account 1206 should be used. The advance may not be made to the traveler **more than five working days** prior to the trip. The traveler's social security number is to be used for the vendor code when processing payment vouchers or certificates of deposit. The voucher should be placed in a separate batch and taken directly to the Accounts Payable Section of the Comptroller's Office to assure timely processing of the voucher.

When processing a payment voucher for prepaid expenses (paid directly to a vendor), the expenditure object code relating to that expenditure should be used (i.e., conference registration should be 0900 16, etc). A properly completed and signed form FRMS-4 is to be attached for each employee for whom prepaid expenses are being made.

4. PROCESSING PAYMENT VOUCHER AFTER TRAVEL IS COMPLETE

When a travel advance is made to an individual, a second payment voucher must be processed after the trip has been completed to properly record the expenditure. All documentation required by this Chapter, must be attached. The traveler is to complete and provide to the department a travel form within seven days of completion of the trip.

If the allowable expense of a trip exceeds the advance, the payment voucher will have a line to decrease the amount advanced using object code 0300 13 (0400 13 for out-of-state) and balance sheet account 1206 with additional lines to record the allowable expenses under the proper object codes (ex: mileage 0300 01). The net amount of the voucher will be the amount owed the traveler. The decrease to object code 0300 13 (0400 13 for out-of-state) and balance sheet account 1206 must be made from the fund the original payment for the advance was made.

If the advance exceeds the expense of the trip, a zero payment voucher should be processed to charge the expenses to the proper object code and to decrease object code 0300 13 (0400 13 for out-of-state) and balance sheet account 1206 by the total amount of the allowable expenses. The voucher total must never be negative. The employee must remit the balance of any unused travel advance to the department. A certificate of deposit will be prepared for the amount advanced to the traveler that exceeds the allowable expenses. The deposit must be made to the fund from which the original advance was made as a refund against expenditures, referencing the accounting distribution used on the original voucher (object code 0300 13 or 0400 13 and balance sheet account 1206.) The traveler's social security number must be used as the vendor code. A journal voucher must be processed if it is necessary to change the expenditures from one fund to another.

It shall be the responsibility of the department director to recover public funds paid as travel advances or prepaid travel expenses from the person to whom or on whose behalf such payments were made should any of the following events occur:

> The travel for which payments were made did not take place, except prepaid travel expenses where situations beyond the individual's control (business conflicts, family emergency, illness, etc.) prevents the trip from being made.
>
> Funds advanced exceed the amount owed the traveler pursuant to a properly submitted travel voucher.
>
> The person to whom funds were advanced, or on whose behalf expenses were prepaid, fails or refuses to submit a travel voucher.

Should the department director be unable to recover funds owed to the State, he or she shall immediately notify the Comptroller and the Attorney General so that appropriate legal action may be instituted to recover public funds owed under this chapter.

5. EMERGENCY ADVANCE TRAVEL

A department may request an emergency travel advance for an employee when an emergency situation exists and the employee is placed in travel status on short notice with insufficient time to process a travel advance under normal processing procedures.

a. Applying for Emergency Advance Travel

The department must determine that all eligibility requirements for advance travel have been met. The department head or his designee will address a letter to the State Comptroller requesting an emergency travel advance be made to the employee. The request should provide a brief description of the emergency (e.g., flood in Elmore County), the length of time the employee(s) is expected to be in travel status, the employee(s) name and social security number, and destination of trip. With the approval of and at the discretion of the State Comptroller or his designee, the letter will be approved and returned to the department. The voucher for the travel advance will be processed immediately. The department is responsible for having an FRMS-4 on file prior to releasing the warrant for emergency advance travel to the employee.

b. Processing The Initial Payment Voucher

When making an emergency advance to the employee, expenditure object code 0300 13 (0400 13 for out-of-state) and balance sheet account 1206 are to be used for the accounting distribution on the voucher. The traveler's social security number is to be used for the vendor code when processing payment vouchers or certificates of deposit. <u>The voucher should be taken directly to the Accounts Payable Section of the Comptroller's Office for processing with the approved letter from the State Comptroller attached</u>.

c. Payment Voucher After Travel Is Completed

Processing the second payment voucher will be done in accordance with procedures and requirements for non-emergency advance travel.

EXHIBIT 6-5-5
ADVANCE TRAVEL AND PREPAID TRAVEL EXPENSES (FRMS-4)

FRMS-4
Rev. 04/1999

STATE OF ALABAMA
TRAVEL ADVANCE & PREPAID TRAVEL EXPENSES

Officer or Employee Name: _____ SSN: _____
Agency Name: _____ Agency No. _____
Dates of Travel: From _____ To _____

Expenses:	Travel Advance	Prepaid Expenses
Per Diem		
Mileage		
Lodgings		
Meals		
Conference Registration		
Commercial Transportation		
Other (specify): _____		
Total:		

- I (the traveler), agree to file a travel expense claim within seven working days from the date of return from my trip.
- I (the traveler), agree to reimburse the State of Alabama for pre-payment of travel expenses or advance travel made to me or on my behalf in the event the trip was not
- All prior travel advances made to me (the traveler) have been settled.
- I (the traveler) authorize the State of Alabama to withhold from any compensation due to me, any and all amount of the advance travel or prepaid expenses paid on my behalf that have not been settled timely, or that are outstanding upon termination from State services.

I certify that the above is true and correct and/or agree with the above, and that the amounts advanced to me or expenses prepaid on my behalf are for travel or official State business and do not exceed my bi-weekly salary.

Date	Dept. Approval	Date	Traveler's Signature

Sworn to and subscribed before me this day

Date	Notary Public

I. APPLICANT'S TRAVEL EXPENSES FOR RECRUITMENT PURPOSES

Travel expenses may be reimbursed to certain applicants of state jobs, in which recruitment problems exist. The following guidelines must be adhered in order to reimburse the job applicant.

1. Form FRMS-8 APPLICANT'S TRAVEL EXPENSE FOR RECRUITMENT PURPOSES (Exhibit 6-5-8) must be completed by the department and submitted to the Director of State Personnel prior to obtaining the approval of the Governor.

2. The applicant must provide to the department either a state travel form or an itemized invoice (request for reimbursement).

3. Supporting documents will be required as follows:

    a. Receipt for transportation (if by air, a copy of the airline ticket - tourist rate airfare only). If travel is by automobile, reimbursement will be at the standard mileage rate for state employees.

    b. Paid lodging receipt.

    c. Receipts for meals and other miscellaneous charges (rental car, parking, etc.).

    d. A copy of the approved travel reimbursement form.

4. A voucher must be submitted by the department to the Comptroller's Office for payment.

EXHIBIT 6-5-6
APPLICANT'S TRAVEL EXPENSE FOR RECRUITMENT PURPOSES (FRMS-8)

FRMS-8
Rev. 04/1999

STATE OF ALABAMA
APPLICANT'S TRAVEL EXPENSE FOR RECRUITMENT PURPOSES

TO: Governor _____
State of Alabama

FROM: Appointing Authorities

The purpose of this letter is to request approval of travel expenses for

_____ who is being interviewed to fill a vacancy at
(Applicant's Name)

_____ as a _____
(Location of Vacancy) (Merit System Job Title)

at range _____
(Pay Grade)

ESTIMATED EXPENSES

- Travel $ _____
- Lodging $ _____
- Meals $ _____
- Total $ _____

Applicant will be reimbursed for expenses incurred to cover the dates of

_____ through _____

NARRATIVE (Explain why the payment of this recruitment is necessary)

_____

_____

_____

_____

APPROVED: _____ _____
Governor State Personnel Director

J. PROMOTIONAL EXPENSE CONCERNING TRADE OR INDUSTRIAL DEVELOPMENT - REIMBURSEMENT OF ACTUAL EXPENSES

The *Code of Alabama 1975*, §36-7-20, as amended, provides for reimbursement of actual expenses when incurred in the encouragement and promotion of trade or industrial development. For those employees whose in-state travel is governed by specific laws allowing actual expenses, the travel reimbursement claim must be submitted on Form FRMS-6B Promotional Expense (Exhibit 6-5-9). The employee must be in travel status and expenses must be itemized. Receipts for all promotional expenses are required. The names of individuals in attendance and the company or agency that they represent must be provided. The number of individuals representing the State is not to exceed one individual for every three individuals representing the prospect. Any exception to this must have a letter of explanation approved by the Governor or the Director of Finance, when so designated by the Governor. The FRMS-6B must have the original signature of the traveler and must be notarized.

Prior authorization to incur promotional expenses must be obtained in writing and approved by the Governor, or the Director of Finance, when so designated by the Governor. Form FRMS-6C Authorization to Incur Promotional Expense (Exhibit 6-5-10), should be completed by the agency and submitted to the Director of Finance in triplicate to obtain prior written approval. The FRMS-6C must have the original signature of the traveler and must be notarized. The FRMS-6C must list the company name, the company officials who are to attend, and individuals representing the State. If the prospects are to remain confidential, the names are to be submitted with the FRMS-6C on a separate sheet of paper and the FRMS-6C is to list the number of prospects to be present. Attach the original form FRMS-6C when submitting the claim for reimbursement.

For any expenditures to be considered for reimbursement, the FRMS-6C must be signed and have a date that is <u>prior</u> to any expenditures. Amounts must be reasonable and for the persons listed on the FRMS-6C. Expenditures that were incurred prior to the date on the FRMS-6C will not be considered for reimbursement. A separate FRMS-6C must be completed and properly signed for each group of prospects for which reimbursement is being claimed.

A travel expense voucher should be submitted at least once a month for the promotional expense performed during the month. The voucher form should be placed on top with the in-state travel forms FRMS-6B and FRMS-6C and all required receipts attached to the voucher and stapled in the upper left-hand corner. All forms and receipts should be assembled in such a manner as to facilitate the audit of the voucher.

EXHIBIT 6-5-7
PROMOTIONAL EXPENSE (FRMS-6B)

Form FRMS-6B
Rev 04/1999

Original for Comptroller

STATE OF ALABAMA
STATEMENT OF OFFICIAL TRAVEL
For Encouragement and Promotion
of Trade or Industrial Development
(In-State Travel)

Department or Agency

APPROVED _____
Department Head

Official Station or Base

Above Space for Name, Address & SSN of Traveler

Name of Prospects - Officials or Company

Date	ACTUAL TRAVEL EXPENSES	Amount

I HEREBY CERTIFY that the travel and expenses indicated hereon was accomplished in the performance of official duties pusuant to Section 36-7-20, Code of Alabama.

_____
Signature of Traveler

Sworn to and subscribed before me this _____ day of _____

_____
Notary Public

EXHIBIT 6-5-8
AUTHORIZATION TO INCUR PROMOTION EXPENSES (FRMS-6C)

FRMS-6C
Rev. 04/1999

STATE OF ALABAMA
AUTHORIZATION TO INCUR PROMOTIONAL EXPENSES

Date: _____

Director of Finance
State of Alabama
Montgomery, AL 36130

Dear _____ ,

I am respectfully requesting authorization for _____ of this agency to incur expenses representing the State of Alabama. These expenses will be incurred in the encouragement of and promotion of trade or industrial development as provided for in Section 36-7-20, Code of Alabama, for the following purposes: _____

_____

_____

	Travel Information		Estimated Cost	
Contact Person	_____		Transportation	$ _____
Time/Date of Departure	_____ (Time) am/pm	_____ (Date)	Promotional Expense	_____
Time/Date of Return	_____ (Time) am/pm	_____ (Date)	Registration Fee	_____
Location to be visited	_____		Lodging	_____
Mode of Transportation	_____		Meals	_____
			Total Cost	$ _____

EVENT INFORMATION

Date	Event	Estimated Cost	Name of Company	Company Officials to Attend	Representative from State and capacity

Agency: _____ Date: _____

Approved: _____ Approved: _____
Agency Head Director of Finance

K. REIMBURSEMENT FOR EMPLOYEE MOVING EXPENSES

A permanent employee that moves from one community to another within the state, at the request of the department, is entitled to reimbursement for actual moving expenses incurred in moving household goods, not to exceed $1,250. Reimbursement will not be allowed when the transfer is made at the request of the employee (*Code of Alabama 1975*, §36-7-40, as amended). The State cannot be held liable for any damages to persons or property that may result from the moving of household goods (*Code of Alabama 1975*, §36-7-42, as amended).

No travel expense (per diem, mileage, or meals) may be claimed as moving expense. Transfers can only be for full-time permanent departmental employees and do not apply for travelers between state agencies. Only reimbursement for moving expenses of household goods will be paid to the employee. Household goods are generally considered to be the contents of a dwelling other than fixtures. It includes articles commonly used by a household. If an employee moves a mobile home rather than household goods, the employee may be reimbursed. However, the employee will not be reimbursed for the cost of disconnection or reconnection of any utility service or plumbing, anchoring, tying down, or leveling of the mobile home. When processing the payment voucher a copy of the transfer orders, signed by the department head, and the paid receipt for moving expenses must be attached.

The department head is authorized to establish rules to determine the eligibility of the employee for reimbursement of actual moving expenses and amount to be paid, not to exceed the amount permitted under *Code of Alabama 1975,* §36-7-40. Such rules may be amended or changed at the discretion of the department head in keeping with the needs of the department. Reimbursement may be made upon approval of the department head after submission of documented expenses by the employee, as required by departmental rules. (*Code of Alabama 1975*, §36-7-41, as amended).

L. REIMBURSEMENT OF EMPLOYEE TRAINING AND RELATED EXPENSES

The expense of successfully completed continuing education courses, books, and/or supplies may be reimbursed by the State. Only those courses providing job-related training that directly benefits the employee in the performance of current duties will be approved. Tuition fees for college-level courses will not be reimbursed. Employees will not be reimbursed for the cost of "cram" refresher or review courses to enhance professional credentials (e.g., State Bar, CPA, EDP, CLU). Under no circumstances will the State pay for examination (testing) fees applicable to professional certification.

M. PAYMENTS TO CONTRACTORS FOR PROFESSIONAL SERVICES

The department will receive an invoice for payment of a contract for professional services. The department should audit the vendor invoice and make corrections on the face of the invoice, where necessary. A vendor invoice correction form is not required. Similar to payment of a purchase order, the voucher must include the contract purchase order number on the payment voucher to liquidate the encumbrance established for that contract. The purchase order reference fields should be completed as follows:

PO	Enter PO for the payment of purchase order (contract).
Agency	Enter the three-digit agency code.
Number	Enter the nine-digit contract number.
LN	Enter the purchase order (contract) line number that is being paid.

The voucher should be attached to the vendor invoice and submitted to the Comptroller's Office for processing.

Chapter 5, Contracts, of this manual includes the requirements for approval and establishment of a professional service contract by the Comptroller's Office. The contractor must be established as a vendor on the vendor database in order for the contract to be established and payment to be made.

N. PAYMENT OF REFUNDS

In situations where an entity has overpaid the State, the department will determine that a refund should be issued to the entity. The department will complete the voucher form (Form FRMS-9) and attach the appropriate supporting documentation (memorandum requesting a refund, a copy of the cash receipt form, or other documents). The voucher form should be completed using the accounting code distribution used in the deposit of the revenue, including fund number, agency code, and revenue source code.

O. PAYMENT OF MULTIPLE PAYEES USING A LIST VOUCHER

Several departments use a list voucher to pay multiple payees using one voucher form. Approval to use the list voucher form must be obtained in advance from the Comptroller's Office. The department will assign one voucher number to each payee (vendor) to be paid. The accounting codes and the supporting documentation are the same for all the payees listed on the list voucher form. The list voucher form should include a dollar total for all the individual vouchers. Form FRMS-9L Multiple Payee Voucher (Exhibit 6-5-11), is the suggested format for departments to follow in preparing list vouchers.

EXHIBIT 6-5-9
FACE OF LIST VOUCHER FORM PAGE 1 (FRMS-9L)

```
 BATCH: 194415                    STATE OF ALABAMA                    PAGE:        1
PRINTED: 07 13 09               DEPARTMENT OF  FINANCE              AGENCY:      016
                                  STATE COMPTROLLER                   DATE:   /  /
                               MULTIPLE PAYEE VOUCHER

-------------------------------------------------------------------------------------
VOUCHER # PAYEE        DISTRIBUTION            REFERENCED DOCUMENT   AMOUNT WRNT
 VENDOR #    FUND ORG  APR ACTV BSAC OBJ SUB CD-AGY---NUMBER---LINE       NUMBER

90160416291  POSTMASTER PICKENS CO                        150.00
             C/O DHR

             CARROLLTON        AL35447            APRD         BFY 09

 AGCY0169063 0324 2630 527 0263      0700 07                                150.00

90160416292  POSTMASTER ESCAMBIA CO                     1,000.00
             C/O DHR

             BREWTON           AL36427            APRD         BFY 09

 AGCY0169030 0324 2470 527 0247      0700 07                                500.00
             0324 2630 527 0263      0700 07                                500.00

90160416293  POSTMASTER DEKALB CO                       1,000.00
             C/O DHR

             FORT PAYNE        AL35967            APRD         BFY 09

 AGCY0169028 0324 2470 527 0247      0700 07                                500.00
             0324 2630 527 0263      0700 07                                500.00

-------------------------------------------------------------------------------------
                                        VOUCHER TOTAL                    $2,150.00
-------------------------------------------------------------------------------------
```

EXHIBIT 6-5-10
FACE OF LIST VOUCHER FORM PAGE 2(FRMS-9L)

BATCH: 194415

STATE OF ALABAMA
DEPARTMENT OF FINANCE
STATE COMPTROLLER
MULTIPLE PAYEE VOUCHER

AGENCY: 016
DATE: / /

I CERTIFY THAT THIS VOUCHER LISTING DATED / / IN THE AMOUNT OF $2,150.00 IS TRUE, CORRECT AND UNPAID. FOR THOSE ITEMS REQUIRING THE APPROVAL OF THE GOVERNOR, I CERTIFY THAT I HAVE OBTAINED THE GOVERNOR'S APPROVAL FOR THE PAYMENT.

I FURTHER CERTIFY THAT PROPERLY EXECUTED DOCUMENTS SUBSTANTIATING THE EXPENDITURES TO BE MADE FROM THESE ALLOCATIONS ARE ON FILE IN THE HUMAN RESOURCES.

EXAMINED AND APPROVED FOR PAYMENT.

DATE DEPARTMENTAL AUDITOR

APPROVED FOR PAYMENT.

AUTHORIZED DEPARTMENTAL APPROVAL

Postage

DATE DEPARTMENT OF FINANCE
DIV. OF CONTROLS AND ACCOUNTS

P. DISBURSEMENTS CHARGED TO BALANCE SHEET ACCOUNTS

A payment voucher may be used to issue a refund or to make a distribution from a non-revenue or liability account. In these cases, the voucher must include the account credited at the time of deposit.

The accounting entry at the time of the transaction debits the balance sheet account and credits the Vouchers Payable account.

For proprietary type funds, a payment voucher may be used to post accounting entries that recognize the purchase of a fixed asset at the time of payment. In this case, a balance sheet account is included on the same line as the normal budgetary expenditure coding. The combination of balance sheet codes and object codes on the same line results in a "type 23" entry in the ledgers. The accounting entry made by a "type 23" Payment Voucher debits the asset account and credits the Vouchers Payable account, but also records an expenditure for budgetary purposes.

A payment voucher may also be used to post accounting entries that recognize the purchase of an investment asset at the time of payment. In this case, a balance sheet account code will be used to reflect the purchase of the investment asset. The accounting entry made at the time the transaction is processed, debits the investment account and credits the Vouchers Payable account.

A payment voucher for health insurance refunds to the employee should be charged against balance sheet account 7941 (Third Party Refund Due Employees). Employees who participate in the Flexible Benefits Plan are only entitled to the amount originally paid by the employee less employee's portion of FICA and Medicare Tax. Supporting documentation attached to the voucher must include a statement that the employee was on the Flexible Benefits Plan.

6-6 HOW TO COMPLETE THE VOUCHER FORM

To obtain payment of an invoice or expense reimbursement request, a completed voucher form (Form FRMS-9) must be submitted to the State Comptroller's Office. Departments without an automated accounting system will complete the voucher form and submit it to the State Comptroller's Office for audit and processing. Departments that have automated accounting systems will enter payment data into the accounting system and print a completed voucher. The voucher will then be submitted to the State Comptroller's Office for audit and processing.

Items 1 through 25 reference Exhibit 6-6-1.

1. Voucher Number
   The department or the department accounting system assigns the voucher number. The voucher number must begin with the last digit of the fiscal year. For example, 9=FY 1998-1999, 0=FY1999-2000. The second, third and fourth digits designate the three-digit agency code to which the voucher is being charged. The department may then assign up to 7 digits as the department number sequence.

   Example: For FY 2000 and Agency 999, the numbering would start with 09990000001.

2. Batch Number
   Enter the six-digit batch number as assigned by the department. For departments that do not have automated accounting systems, leave blank. (For AFNS agencies, the computer will assign.)

3. Agency
   Enter the three-digit agency code.

4. Accounting Prd
   If a payment is being made in the current fiscal year for current fiscal year goods or services, leave the accounting period blank. If a payment is being made in the 13th accounting period for goods or services received on or by September 30th, enter 13 and the two digits that represent the prior fiscal year in the accounting period.

5. Budget FY
   Enter the correct budget fiscal year on all vouchers.

6. Vendor Code Number
   Enter the 11-digit vendor code. The vendor code number may be obtained from the Common Vendor Table (Example of table in Section 6-14).

7. PO
   Enter PO if the voucher is for the payment of a purchase order or professional service contract. Otherwise, leave blank

8. Agency
   Enter the three-digit agency code.

9. Number
   Enter the document number. If the voucher is for the payment of a purchase order, enter the six or seven digit purchase order number. If the voucher is for payment of a professional services contract, enter the nine digit contract number. Otherwise, leave blank.

10. LN
Enter the purchase order or contract line number that is being paid.

11. Invoice Number
Enter the vendor invoice number up to 12 digits. If the vendor's invoice number is longer than 12 digits, enter the last 12 digits. For utility services, enter the last nine digits of the account number followed by the two-digit month and the last number in the fiscal year. For telephone services, the telephone number along with the month such as 01, 02, etc., should be used as the invoice number. For example, to pay a March telephone invoice, the invoice number is 557-6500-03. If the invoice has been referenced previously on a payment, please use an alpha character such as A, B, etc. to make the number unique.

12. Fund
Enter the four-digit fund number to be charged.

13. Org
Enter the four-digit organization code to be charged if required by the department's chart of accounts.

14. Appr
Enter the three-digit appropriation code to be charged.

15. Activity
Enter the four-digit activity code to be charged.

16. Obj/Rev
Enter the four-digit expenditure object code if a vendor is being paid for goods or services. Enter the four-digit revenue source code if a refund is being issued because the department was overpaid.

17. Sub Obj/Rev
Enter the two-digit sub-object expenditure code if a vendor is being paid for goods or services.

18. Rept Catg
Leave blank.

19. BS Acct
If this transaction affects a balance sheet account, enter the four-digit balance sheet code. Otherwise, leave blank. For example, if an inventory item is being purchased, the balance sheet code 1301 for inventory should be entered.

If an investment is being acquired, the correct investment balance sheet code from the 1100 series balance sheet section should be entered.

If the fund is an agency fund type, only balance sheet accounts may be entered on the voucher form. When disbursements are being made from the agency fund, the balance sheet code to which funds were initially deposited must be coded on the voucher.

20. Dept Use
This field is for use by departments that may use additional accounting codes to reflect additional information on the voucher form.

21. Amount
Enter the dollar amount of this accounting line to be paid.

22. I/D
Enter either I or D. An I represents an increase (Debit) and a D represents a decrease (Credit). Examples of when a D is used include vendor credit memos and zero dollar payment vouchers. If the

field is left blank, an I is inferred.

23. P/F
If this accounting line is for the payment of a purchase order, this indicator is used to designate whether this is a partial or final payment of the purchase order line. Enter F to authorize final payment and to close the purchase order line amount. If left blank, and payment is for less than purchase order, it is a partial payment. If this accounting line is not for the payment of a purchase order, this field should be left blank.

24. Voucher Total
Enter the total of all lines to be paid by the voucher. If this voucher covers multiple pages, then the voucher total will appear on the last page. Sign or affix approvals on the last page.

25. Audited
Enter the date and name of the person responsible for auditing the voucher in the department.

26. Examined and Approved for Payment
This is for the date and name of the person in the Division of Control and Accounts approving the payment.

27. Authorized Departmental Approval
Enter the date and signature of the department head or other authorized person. If authorization requires the Purchasing Division's delegated authority for payment, signature must be original.

28. Notary Public
The original signature is no longer required to be notarized for purchasing certification and may be left blank.

EXHIBIT 6-6-1
PAYMENT VOUCHER SAMPLE (FRMS-9)

FORM FRMS-9 REV 06/90

State of Alabama
DEPARTMENT OF FINANCE
STATE COMPTROLLER
MONTGOMERY, AL 36130

Vendor Code Number 6
Vendor Name
Address Line 1
Address Line 2
City State Zip Code

WARRANT NUMBER
VOUCHER NUMBER 1
BATCH NUMBER 2
AGENCY 3
DATE PAGE
ACCOUNTING PRD 4 BUDGET FY 5

COMPTROLLER'S COPY

REFERENCED DOCUMENT		ACCOUNTING DISTRIBUTION											
RQ/ PO - AGENCY - NUMBER - LN	INVOICE NUMBER	FUND	ORG	APPR	ACTI-VITY	OBJ/ REV	SUB O/R	REPT CATG	BS ACCT	DEPT USE	AMOUNT	I / D	P / F
7 8 9 10	11	12	13	14	15	16	17	18	19	20	21	22	23
										VOUCHER TOTAL	24		

Audited: 25 Date 25 Departmental Auditor

Examined and Approved for Payment

26 Date 26 Auditor of Disbursements, Division of Control and Accounts

I hereby certify that the named article(s) and/or service(s) as stated on the invoice attached have been received, are the kind and quantity ordered, are not excessive and are necessary for the use of this department in conducting public business only, and this account is correct, due and unpaid. For those items requiring the approval of the Governor, I certify that I have obtained the Governor's approval for payment.

27 Date 27 Authorized Departmental Approval

Sworn to and subscribed before me this day

28 Date 28 Notary Public

6-7 BATCHING OF VOUCHER FORMS

Departments that have automated accounting systems will submit payment voucher forms in groups or batches of one hundred (100) or less to the State Comptroller's Office. Each batch will include an Audit Control Batch Transmittal sheet, which gives the number of vouchers submitted and the total dollar amount of the vouchers and a Payment Voucher Audit List, a detailed listing of the vouchers by voucher number in the batch. Departments will assign a batch number using a six-digit number. Most departments use the julian date for the first three numbers and a numbering system for the last three. Departments should not use duplicate batch numbers. For example, the Department of Finance would begin with agency code 010 followed by the batch number 100001, 100002, 100003, for the first three batches.

If departments determine that there is a voucher with errors in the batch, the voucher should be removed from the batch. The batch sheet should then be corrected to the number of vouchers and dollar total of vouchers in the batch. Also, line through the voucher information, which is detailed on the batch sheet listing, so this voucher can be deleted from the batch.

6-8 USE OF VENDOR INVOICE CORRECTIONS

A department may need to adjust the amount on the vendor invoice. Form FRMS-47 Vendor Invoice Correction "Blue Slip" should be completed to notify the vendor and the State Comptroller's Office of the reason for altering the invoice. The original Vendor Invoice Correction Form will be submitted to the vendor with payment. One copy of the form will be retained in the department file, and one copy will be submitted with the voucher for processing by the State Comptroller's Office.

6-9 CASH DISCOUNTS

All cash discounts, according to the terms stated on the purchase order, must be taken at the time of payment, regardless of the date of payment. Cash discounts, offered in addition to the terms of the purchase order, are to be taken only when the terms of the discount have been met. Departments should expedite all vouchers that include discounts to ensure payment is made within the effective dates of the discount. Disputes over discounts are to be settled after a complete investigation of the reason for delayed payment.

6-10 DISTRIBUTION OF WARRANTS

After vouchers have been audited and approved, the Comptroller's Office will process them for payment.

Before warrants can be issued, a department must have sufficient cash and budget authority in the fund for the amount of the vouchers. If there is insufficient cash or budget authority, the warrants will not be issued. Departments will be contacted concerning inadequate funds. When there is sufficient cash and budget authority for the amount of the vouchers, warrants will be issued. Warrants are sorted by department and voucher sequence.

The Agency Distribution Section of the Comptroller's Office is responsible for daily distribution of warrants to all departments/agencies. Vouchers are compared to the daily warrant register to verify accuracy of each warrant produced. If an error is detected, the warrant is cancelled and the department/agency is notified.

After the verification process is completed for a department/agency, warrants are placed in the agency's mailbox for pickup. Warrants are mailed to those agencies without an assigned mailbox. Agencies then distribute warrants to their vendors.

The paid vouchers are filed by date paid and retained according to Archives' Retention Schedule.

6-11 WARRANT CANCELLATION

A. EXPENSE WARRANTS

An expense warrant can be cancelled by submitting the warrant and a Warrant Cancellation Request Form (FRMS-52) to the Comptroller's Office. The warrant must accompany the Request. The following occurs upon cancellation:

1. All accounting entries created by the original warrant issue are reversed.
2. OPVH and OPVL are updated to a zero amount and the warrant number will indicate "CX" in place of the "AD".
3. The WREC table will be updated to indicate a status of "C". The original issue amount of the warrant will remain on the WREC table.
4. The flag on OPCH will be set to "Y" in the "Cancelled" field however the original issue amount will remain on the table.

An expense warrant issued in a prior fiscal year can be cancelled only if the thirteenth accounting period is open. If the thirteenth accounting period is closed, the warrant must be deposited on a cash receipt form as instructed in Chapter 3, Revenues and Receipts, of this manual.

A warrant over one year from issue date is void and cannot be cancelled.

B. GHRS PAYROLL WARRANTS

A Warrant Cancellation Request (Form FRMS-52) will be submitted to the Comptroller's Office with the warrant and warrant stub to be cancelled. When the warrant is cancelled, the accounting entries will be reversed, the employee records will be adjusted, and the employee deductions will be corrected during the next gross-to-net payroll processing in GHRS. The employer's share of payroll costs and payments to third party vendors will be netted out against the amount submitted to these parties in the next payroll cycle, and eliminate the need for departmental refund requests. For more detailed information see Chapter 7 Payroll, of this manual.

C. INTERFACE WARRANTS

Interface warrants are cancelled by an interface file that is electronically submitted to the Comptroller's Office. The warrants to be cancelled must accompany the cancellation register. Only current fiscal year warrants can be cancelled through this process. Prior fiscal year warrants must be deposited on a cash receipt form as instructed in Chapter 3, Revenues and Receipts, of this manual.

EXHIBIT 6-11-1
EXPENSE/INTERFACE WARRANT CANCELLATION REQUEST (FRMS-52)

FRMS-52
Rev. 01/10

STATE OF ALABAMA
DEPARTMENT OF FINANCE
DIVISION OF CONTROL AND ACCOUNTS
EXPENSE WARRANT CANCELLATION REQUEST

Agency Name _____

Agency Number _____ Vendor Code _____

Voucher Number _____ Warrant Number _____

Warrant Date _____ Warrant Amount _____

HIGHLIGHT THIS SENTENCE if you need the backup attached to the original voucher returned to your department.

The attached warrant as listed above is submitted for cancellation.

Authorized Department Approval _____

Date _____

THIS FORM MUST BE SIGNED AND DATED OR IT WILL BE RETURNED TO AGENCY

Please staple warrant to this form.

6-12 REQUEST FOR DUPLICATE WARRANT

The Department must submit an original, notarized Request for Duplicate Warrant (Form FRMS–54, Exhibit 6-12-1) to the Comptroller's Office. This form should bear the original signature of the payee certifying that the original was lost, destroyed or mutilated. An agency official may sign in lieu of the payee if the original warrant has been mutilated and is attached to the Request for Duplicate form.

The request will be reviewed to verify that the information is correct and that the warrant is outstanding. A stop-payment will be issued against the original warrant by the Treasurer's Office. A duplicate warrant will be issued using the same warrant number prefixed with a "1", "2", etc. The warrant will bear the same payee name and date of issue as the original warrant. The duplicate warrant will be marked "DUPLICATE" and sent to the department for distribution to the payee.

A duplicate warrant will not be issued for a warrant that will expire within ten (10) working days of receipt of Request. Expired warrants can be redeemed through the Unclaimed Property Division of the State Treasury.

The WREC table will indicate the duplicate warrant as a "MW" warrant rather than as an "OT" or "AD". OPVL will be updated with the new warrant type and number.

EXHIBIT 6-12-1
REQUEST FOR DUPLICATE WARRANT (FRMS-54)

FRMS-54 (Revised 10/94)

Attn: State Agency
Deliver original form to:
Comptroller's Office
Agency Distribution
100 N. Union Street
Suite 268
Montgomery, AL 36104

STATE OF ALABAMA
DEPARTMENT OF FINANCE
Division of Control and Accounts

Request for Duplicate Warrant

NOTE: DO NOT CASH WARRANT AFTER SUBMITTING REQUEST FOR DUPLICATE

Please return this form to the state agency which issued the warrant. The agency will then notify the State Comptroller to stop payment on this warrant and issue a duplicate warrant. A warrant marked DUPLICATE will be forwarded to you by the issuing agency.

Agency Name _____

Warrant Number _____

Amount _____

Date of Warrant _____

Fund Number on Warrant _____ Agency Number _____

Name of Payee _____

Vendor Number _____ Voucher Number _____
(FEIN or Social Security Number)

Address of Payee _____
_____
_____

I certify that the above warrant issued by the State of Alabama was mutilated, destroyed or lost. I hereby request that the State Comptroller stop payment and issue a duplicate warrant in accordance with Title 41-4-58, Code of Alabama 1975, as amended. I understand and acknowledge that fraudulently obtaining a duplicate warrant is unlawful.

_____
Signature

SWORN TO AND SUBSCRIBED BEFORE ME

this _____ day of _____, 20 ____

_____
Notary Public

6-13 WARRANT EXPIRATION

"Duplicate warrants issued to replace warrants which have been lost, mutilated or destroyed shall be deemed to be original warrants." (Code of Alabama, §35-12-51 as amended.) Duplicate warrants will expire one year from the original warrant issue date regardless of when the duplicate warrant is issued.

On the last day of the month in which a warrant expires the WREC table status on expired warrants is changed to "C" with a notation of "EXP".

Information on recovering funds from expired warrants is available at the State Treasurer's website at www.treasury.alabama.gov under Unclaimed Property.

Session1 - myEXTRA! Enterprise

File Edit View Tools Session Options Help

ACTION: R SCREEN: WREC USERID: KATH 04/07/10 04:32:49 PM

WARRANT RECONCILIATION (1 OF 2)

BANK ACCOUNT CODE= 01

WARRANT NO	FUND	WARRANT DATE	WARRANT AMOUNT	STATUS	LAST ACT DT	ROLL	SEQUENCE
AD00090000859	0926	081003	38.57	C	091031	EXP	SYN
AD00090000860	0926	081003	187.00	P	081015	0	SYN 0
AD00090000861	0926	081003	69.39	P	081015	0	SYN 0
AD00090000862	0926	081003	126.88	P	081015	0	SYN 0
AD00090000863	0926	081003	754.34	P	081015	0	SYN 0
AD00090000864	0926	081003	750.00	P	081024	0	SYN 0
AD00090000865	0926	081003	104.68	P	081014	0	SYN 0
AD00090000866	0926	081003	1,382.25	P	081010	0	SYN 0
AD00090000867	0926	081003	351.29	P	081016	0	SYN 0
AD00090000868	0926	081003	239.00	P	081014	0	SYN 0
AD00090000869	0926	081003	90.00	P	081016	0	SYN 0
AD00090000870	0471	081003	15,872.92	P	081009	0	SYN 0
AD00090000871	0926	081003	1,166.37	P	081014	0	SYN 0

:00.1 01/10

Connected to host d2nje.state.al.us [10.130.4.11] (TCP01030)

6-14 COMMON VENDOR TABLE

A. VENDOR CODE NUMBER

One common vendor database is shared by Advantage Financial Standard (AFNS), Central Accounting System (CAS), Government Human Resource System (GHRS), and State Network of Automated Procurement (SNAP). Each vendor code number contains eleven digits. The first nine digits are the entity's taxpayer identification number (TIN). The last two digits are a suffix that allows for different names and/or addresses. There are two situations when a valid TIN is not required: (1) foreign entities and (2) agencies of the State of Alabama. For assistance in adding foreign vendors or state agencies to the vendor file, contact the Comptroller's Office. When making payments to other state agencies, the AGCY number established on the vendor file for that agency should be used. The agency's vendor code should be AGCY followed by the agency's three-digit agency number. The remainder of the number will vary depending on the department. The three- digit agency number can be found in the yellow pages of the state telephone directory. The three-digit number on the red line beside the agency's name is the agency number. Additionally, if the agency has a petty cash fund, an AGCY vendor number should be established for petty cash reimbursements.

B. FORM 1099-MISC REPORTING

The Internal Revenue Service (IRS) requires the State of Alabama to file information returns, form 1099-MISC., 1099-I, and 1099-R. The 1099's are issued each year in accordance with IRS regulations. IRS regulations require the State to request and provide the entities TIN on those returns. Instructions for requesting the entities TIN is covered in section C below.

Two sources are used to accumulate information for 1099-MISC reporting (1) the type entity and (2) the type payment. The entity type determines whether an entity is a reportable or non-reportable entity (see chart in Section G, Setting the Vendor Flag, for general guidelines on reportable/non-reportable entities). The expenditure object code on transactions is used to determine if the payment is a reportable payment. Information is accumulated on a calendar year basis and reported for all payments processed through the State Comptroller's Office.

Payments made from outside checking accounts will not be included on the 1099’s issued by the Comptroller’s office. Departments with outside checking accounts are responsible for issuing 1099’s for these payments.

C. REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

The IRS requires the State to obtain the TIN of all entities to which we make payments. Each agency is required to obtain the TIN information from the vendors that the agency makes payments to, except in cases where the information is already on the common vendor file. Use IRS form W-9, Request for Taxpayer Identification Number and Certification (Exhibit 6-13-3) to obtain TIN and entity name. You may use a substitute Form W-9 (your own version) as long as it is substantially similar to the official Form W-9 and conforms to Temporary Regulation section 35a-9999-1, Q/A-36.

D. TYPE VENDORS ON THE VENDOR FILE

There are four types of vendors on the common vendor file: NP, PV, FV, and EM. To determine the type vendor, access the table VEN2 in CAS or AFNS and locate "TYPE" on the third line. An NP type vendor is a non-purchasing vendor, a PV type vendor is a purchasing vendor (added by SNAP to the common vendor file), a FV is a foreign vendor, and an EM is an employee (generally these are added by an automated process from GHRS). Only Purchasing can add or change a PV type vendor. Questions or corrections concerning PV vendors should be directed to State Purchasing.

E. HOW TO ADD OR CHANGE VENDOR INFORMATION

To add a new vendor, automated agencies should enter the information on VREQ (for instructions on adding to VREQ see Section H Adding Vendors to the Vendor File). During the nightly cycle the information will be added to the common vendor file. It is important for the first record of a vendor to have the exact name that matches the TIN provided. Additional suffixes may be added with different addresses or business names under which the vendor operates. The system assigns the lowest available suffix. This may or may not be the last suffix. There are three situations when a vendor cannot be added to the common vendor file using VREQ: (1) a foreign entity 2) vendors with one hundred or more suffixes on the common vendor file, and 3) if the 00 suffix is an EM type vendor. In these three situations, a written request must be submitted to the Comptroller's Office for processing. Manual agencies are to submit information to the Comptroller's Office for processing.

Through an automated process, using information from GHRS, new employees are added to the common vendor file and existing employees' names and/or addresses are updated. Currently, this process is performed on Friday nights. This process affects information on the 00 suffix of the record. Should there be other suffixes that need correcting complete form FRMS-3 Request for Vendor File Change (Exhibit 6-14-4) and submit it to the Comptroller's Office. Agencies may design their own form provided it contains the same information and is in the same format.

To change a name and/or address of a NP type vendor on the vendor file, complete form FRMS-3 (Exhibit 6-14-4) and forward to the Comptroller's Office for processing. Agencies may design their own form provided it contains the same information and is in the same format. After researching the vendor, the change will be made or the agency will be contacted. For corrections to PV type vendors, contact State Purchasing.

F. VENDOR MAINTENANCE

Periodically vendors are purged from the common vendor file. Agencies will be notified before the purge is performed. Maintenance to correct vendor names, numbers, and/or addresses are performed on a daily or as-needed basis.

G. SETTING THE 1099 FLAG

When adding a vendor to VREQ, the 1099 indicator should be set to either Yes (Y) for reportable vendors or No (N) for non-reportable vendors. The following chart lists general guidelines used to determine if a vendor is a reportable or non-reportable entity. If unsure please contact the Comptroller's Office Vendor contact listed in the front of the manual or on the webpage contacts.

TYPE ENTITY	TIN TO USE	1099 FLAG
Individuals	Social Security Number	Y
Professional Association, LLC, or Corporation providing medical or legal services	Federal Identification Number	Y
Corporation Other than Medical or Attorneys	Federal Identification Number	N
Non-profit Entities	Federal Identification Number	N
Governmental Entities	Federal Identification Number	N
Foreign Entities Individual or Corporation	Federal Identification or Social Security Number if available *	N

*For foreign entities, contact the Comptroller's Office.

H. ADDING VENDORS TO THE COMMON VENDOR TABLE

Departments that have automated accounting systems enter requests for vendor additions to the vendor request table (VREQ). Before adding a record to the vendor file, you should research the file to verify that this is a new vendor or that the address is not already on the file. If it is a new vendor, you must request the vendor taxpayer identification number (see section C). Should the address of a vendor, other than a PV, need to be corrected, complete form FRMS-3 and submit to the Comptroller's office.

Information added to VREQ passes to the vendor file through the nightly cycle processing. The information will be on VEND the following business day. To add information to VREQ, key data in the following fields:

ACTION:	Enter the letter A
AGENCY:	Enter the three-digit agency code.
VENDOR FEIN/SSN:	Enter the nine-digit vendor number provided by the vendor (taxpayer identification number or TIN).
VENDOR NUMBER:	Leave Blank
COMMON VENDOR SUFFIX:	Leave Blank (this will be assigned by the system).
1099 INDICATOR:	Enter Y for yes or N for no (See Section G).
NAME:	Enter the name of the vendor. Remember that the first record must have the exact name that matches the TIN provided.
ADDRESS:	Enter the address of the vendor to which payments are to be mailed.
CITY:	Enter the city for the address to which payments are to be mailed.
STATE:	Enter the two-letter abbreviation of the state for the address, which payments are to be mailed.
ZIP CODE:	Enter the zip code for the address to which payments are to be mailed (five digits plus four digits, if applicable).
CONTACT PERSON:	The name of an individual at the vendor's address who may be contacted regarding payments.
PHONE:	The telephone number of the vendor contact person.
AGENCY CONTACT:	The name of the person in your agency to be contacted concerning vendor information.
AGENCY PHONE:	The phone number of the agency contact person.
COMMENTS:	Enter any additional comments or explanatory notes.
AGENCY VENDOR CODE:	Leave Blank

I. VENDOR TABLE INQUIRY

Departments which have automated accounting systems may make inquires to the common vendor table on line. Inquiry may be used to determine if a vendor is on the vendor file, the complete name and address used for purchasing and payment transactions, and/or if the vendor is 1099 reportable.

EXHIBIT 6-14-1
VEN2 - COMMON VENDOR TABLE

To make an inquiry into the vendor table, the department may access the Common Vendor Table (VEN2) by placing an S (scan) in the ACTION and entering the vendor identification number. If all eleven digits are not placed in the vendor field, the number closest to the number entered will appear. The VEN2 table provides the name, address, total payments made year to date, and the Form 1099 indicator. If the vendor has multiple payment addresses or business names, they will appear under the vendor number and be labeled with a suffix for each additional payment address and/or name. To view additional screens, place an R (refill) in the ACTION field and press enter for the next record or place an S in the ACTION field and enter the vendor number you wish to view. If you place an L (leaf) in the ACTION field, enter VNAM in the “SCREEN ID”, and press enter, you will leaf to the table VNAM that lists vendor by name.

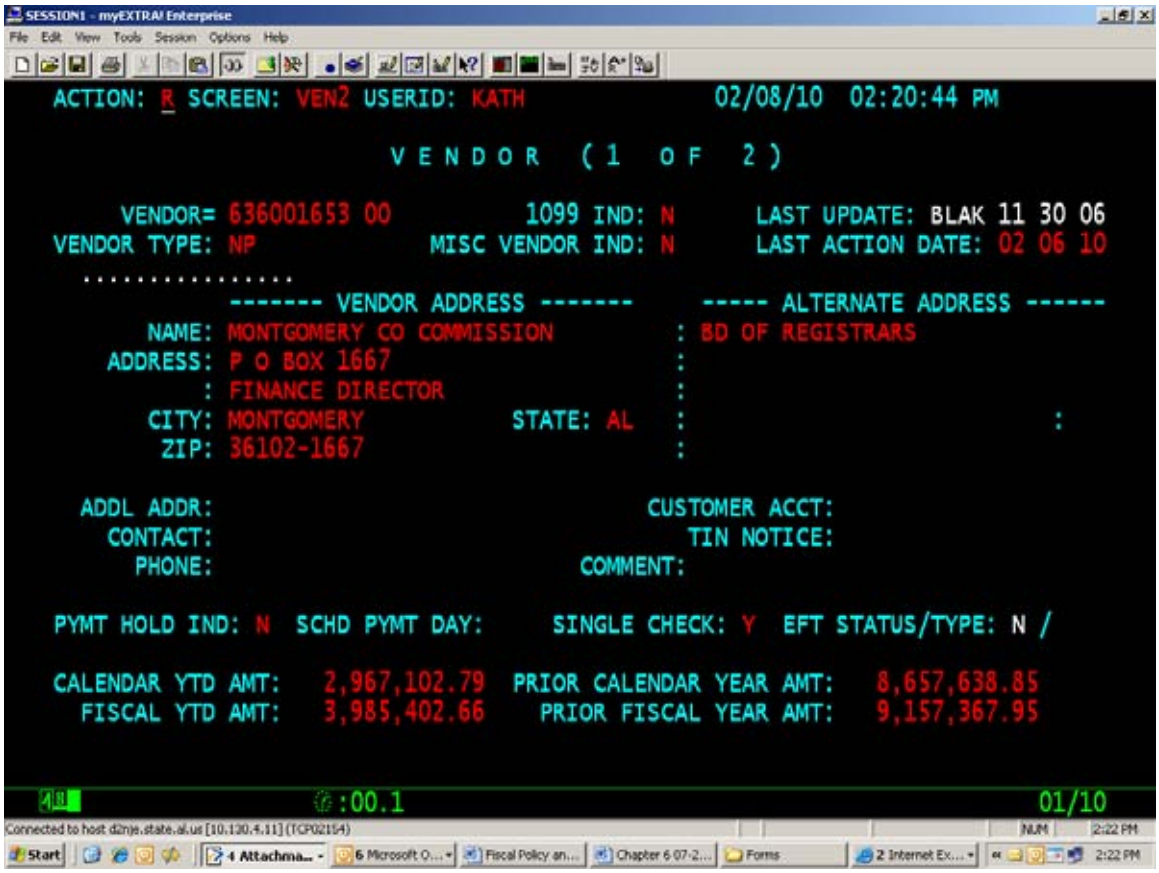


EXHIBIT 6-14-2
VNAM - VENDOR NAME TABLE

If the vendor number is not known, you may access the vendor name on the vendor name table (VNAM). This table is an alphabetical listing of all vendors on the vendor database. To view information on this table, place an S in the ACTION field and enter the vendor's name. If only a portion of the name is entered, the name closest to the portion entered will appear.

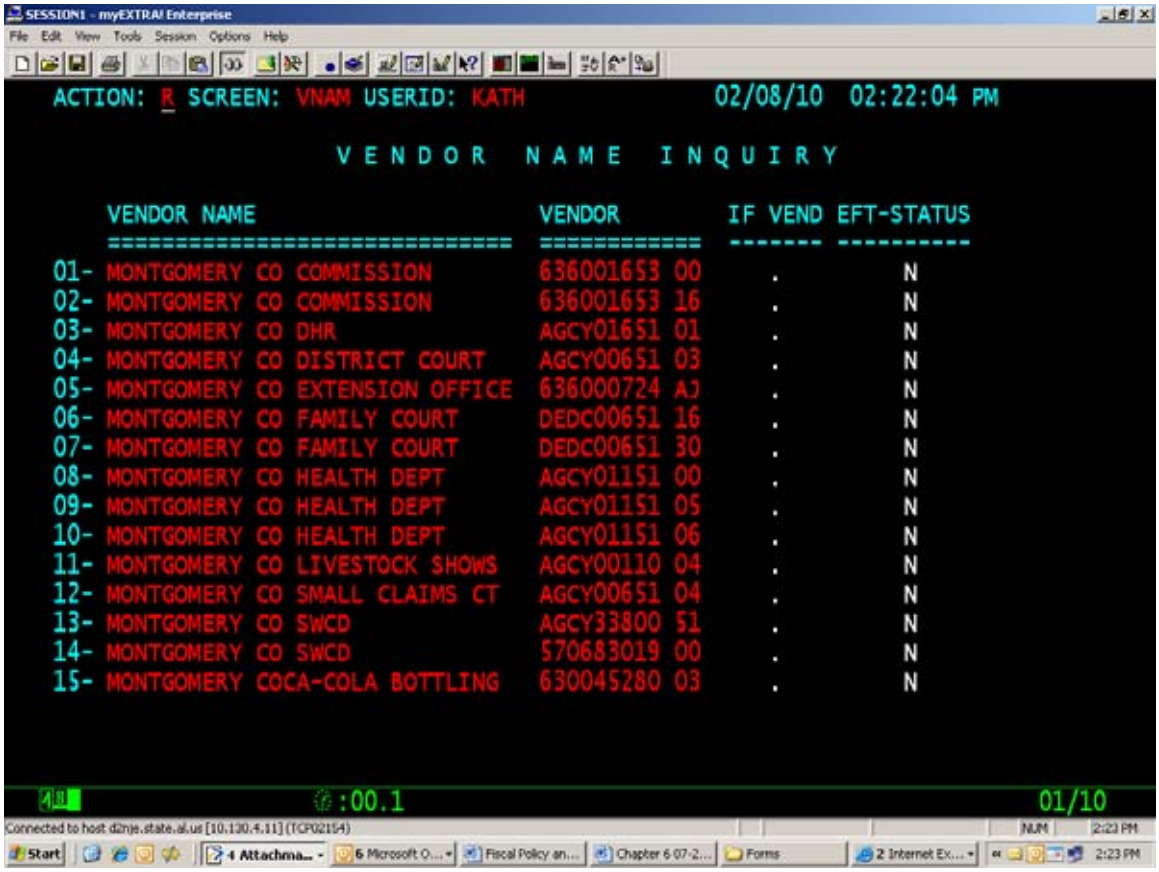


EXHIBIT 6-14-3
W-9
REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION

Form **W-9**
(Rev. January 1993)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give this form to the requester. Do NOT send to IRS.

Please print or type

Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. **See instructions on page 2 if your name has changed.**)

Business name (Sole proprietors see instructions on page 2.) **(If you are exempt from backup withholding, complete this form and enter "EXEMPT" in Part II below.)**

Address (number and street)

List account number(s) here (optional)

City, state, and ZIP code

Part I **Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Obtain a TIN** below.

Social security number

OR

Employer identification number

Note: *If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.*

Part II **For Payees Exempt From Backup Withholding** (See **Exempt Payees and Payments** on page 2)

▶

Requester's name and address (optional)

Certification.—Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions.—You must cross out item **2** above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item **2** does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see **Signing the Certification** on page 2.)

Sign Here **Signature ▶** **Date ▶**

Section references are to the Internal Revenue Code.

Purpose of Form.—A person who is required to file an information return with the IRS must obtain your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN) and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: *If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form.*

How To Obtain a TIN.—If you do not have a TIN, apply for one immediately. To apply, get **Form SS-5,** Application for a Social Security Card (for individuals), from your local office of the Social Security Administration, or **Form SS-4,** Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

To complete Form W-9 if you do not have a TIN, write "Applied for" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form back from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during that period.

Note: *Writing "Applied for" on the form means that you have already applied for a TIN* ***OR*** *that you intend to apply for one in the near future.*

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the requester.

What Is Backup Withholding?—Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or

2. The IRS notifies the requester that you furnished an incorrect TIN, or

3. You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or

4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or

5. You do not certify your TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in 5 above, other reportable payments are subject to backup withholding only if 1 or 2 above applies. Certain payees and payments are exempt from backup withholding and information reporting. See **Payees and Payments Exempt From**

Cat. No. 10231X Form **W-9** (Rev. 1-93)

EXHIBIT 6-14-4
FRMS-3
REQUEST FOR VENDOR FILE CHANGE

FRMS-3
Rev. 04/1999

STATE OF ALABAMA
REQUEST FOR VENDOR CHANGE

Date _____

Department _____

Contact Person _____

Telephone _____

☐ CHANGE ☐ ADD

Please highlight the field to change.

Vendor Code _____

OLD NAME/ADDRESS		NEW NAME/ADDRESS	
Name		Name	
Street or Route		Street or Route	
City		City	
State		State	
Zip Code		Zip Code	

1099 Reportable _____Yes_____No

Comments _____

6-15 TABLE LOOK-UP

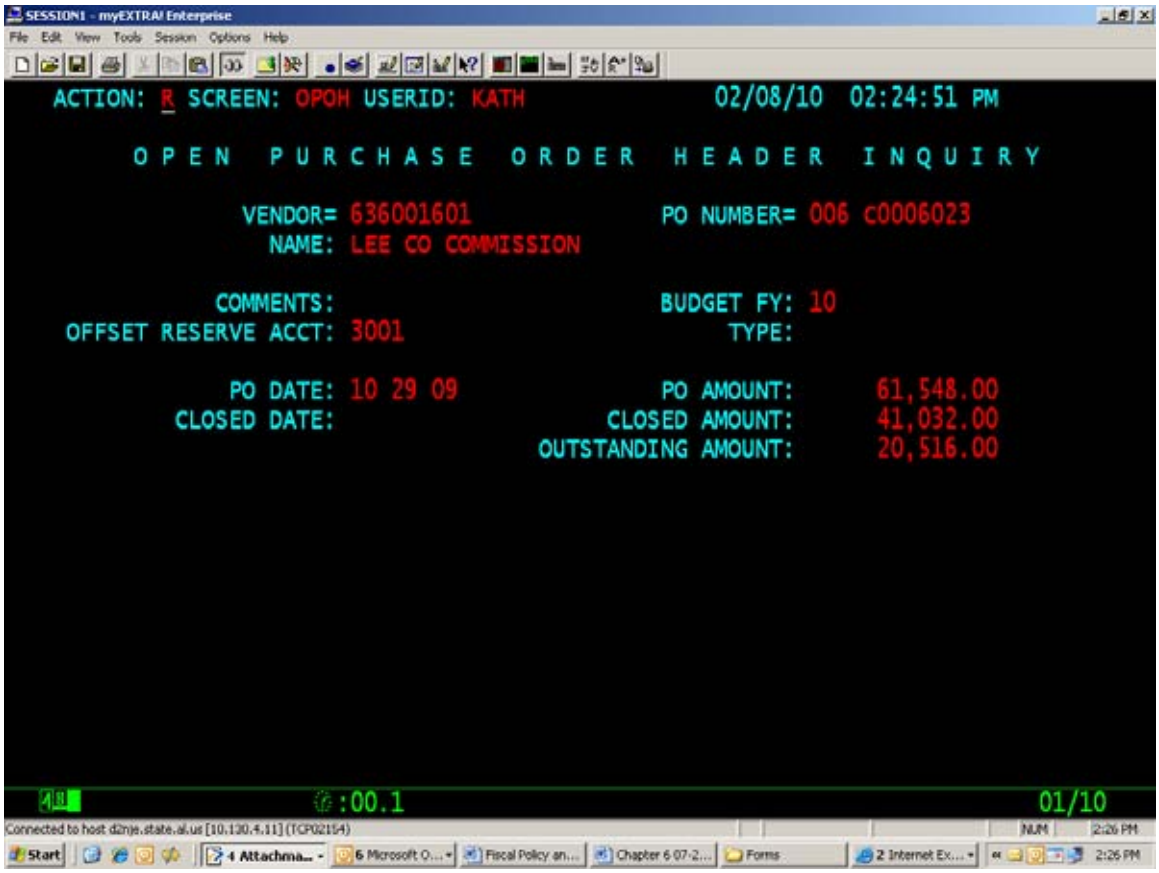
A.	OPRQ	Open Purchase Requisition Table
B.	OPOH	Open Purchase Order Header Table
C.	OPOL	Open Purchase Order Line Table
D.	OPOD	Open Purchase Order by Document Table
E.	OPVH	Open Payment Voucher Header Table
F.	OPVL	Open Payment Voucher Line Table
G.	OPVD	Open Payment Voucher Header by Document Table
H.	OPVV	Open Payment Voucher by Vendor Name Table
I.	VEND	Vendor Index Table
J.	VEN2	Common Vendor Table
K.	VREQ	Vendor Request Table
L.	VREG	Vendor Registration Table
M.	VNAM	Vendor Name Table
N.	WREC	Warrant Reconciliation Table
O.	VZIP	Vendor Zip Code Table

A. OPRQ - OPEN PURCHASE REQUISITION TABLE

This table contains open requisitions.

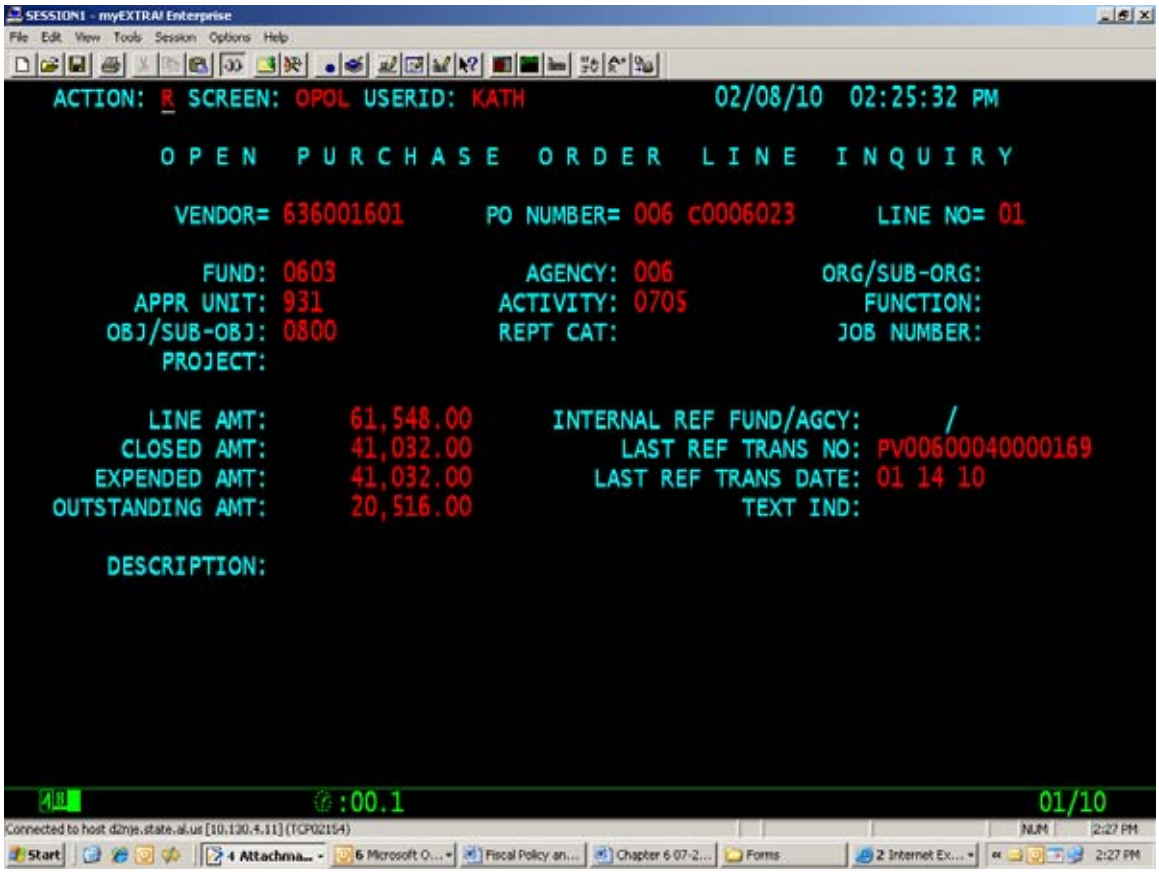
B. OPOH - OPEN PURCHASE ORDER HEADER TABLE

This table contains descriptive purchase order information



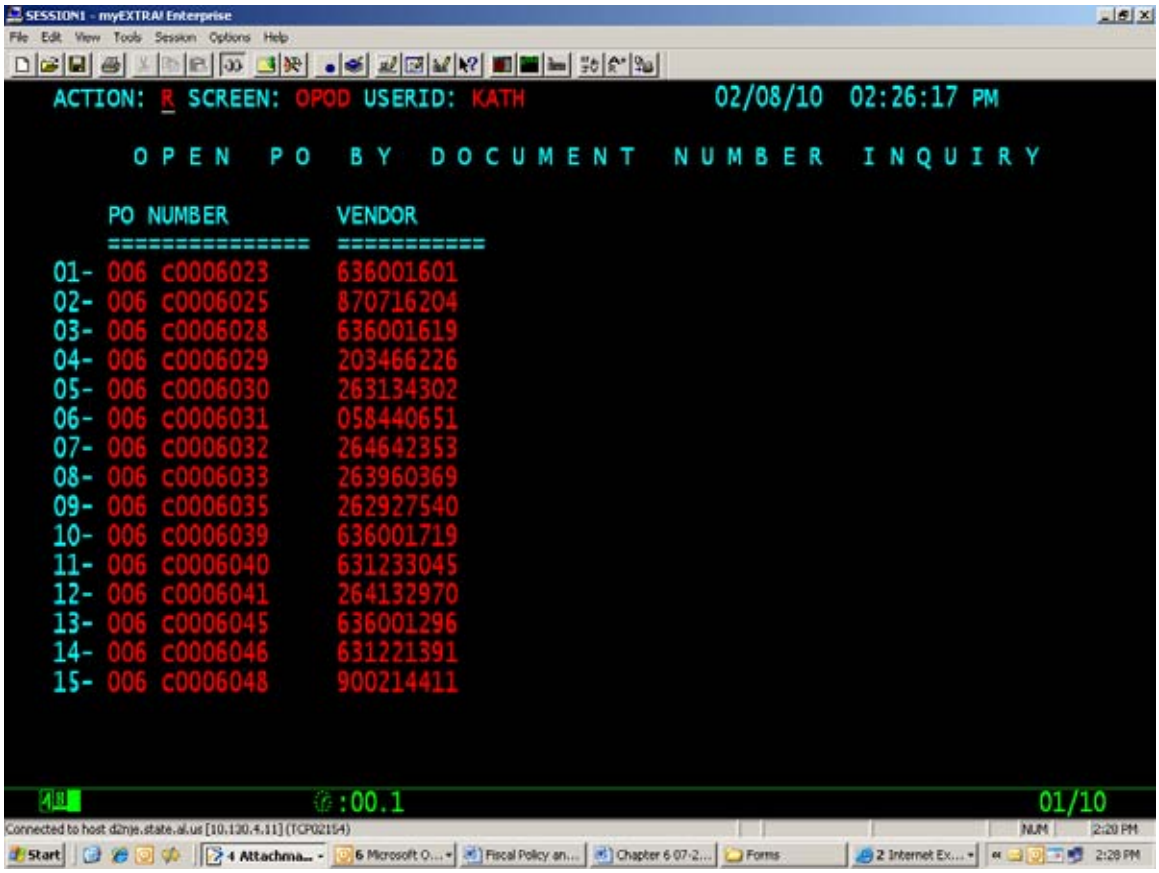
C. OPOL - OPEN PURCHASE ORDER LINE TABLE

This table contains line by line purchase order information and referencing transactions.



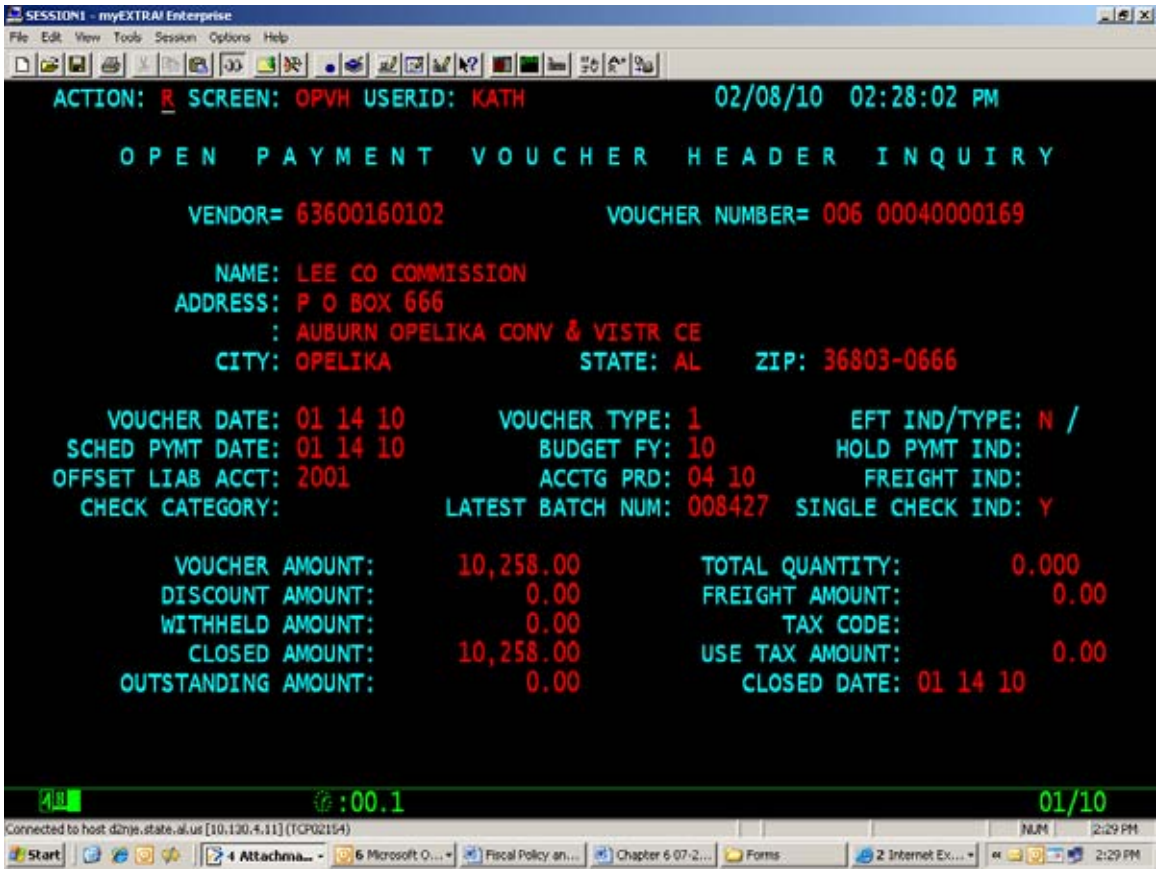
D. OPOD - OPEN PURCHASE ORDER BY DOCUMENT TABLE

This table contains purchase order number and vendor code.



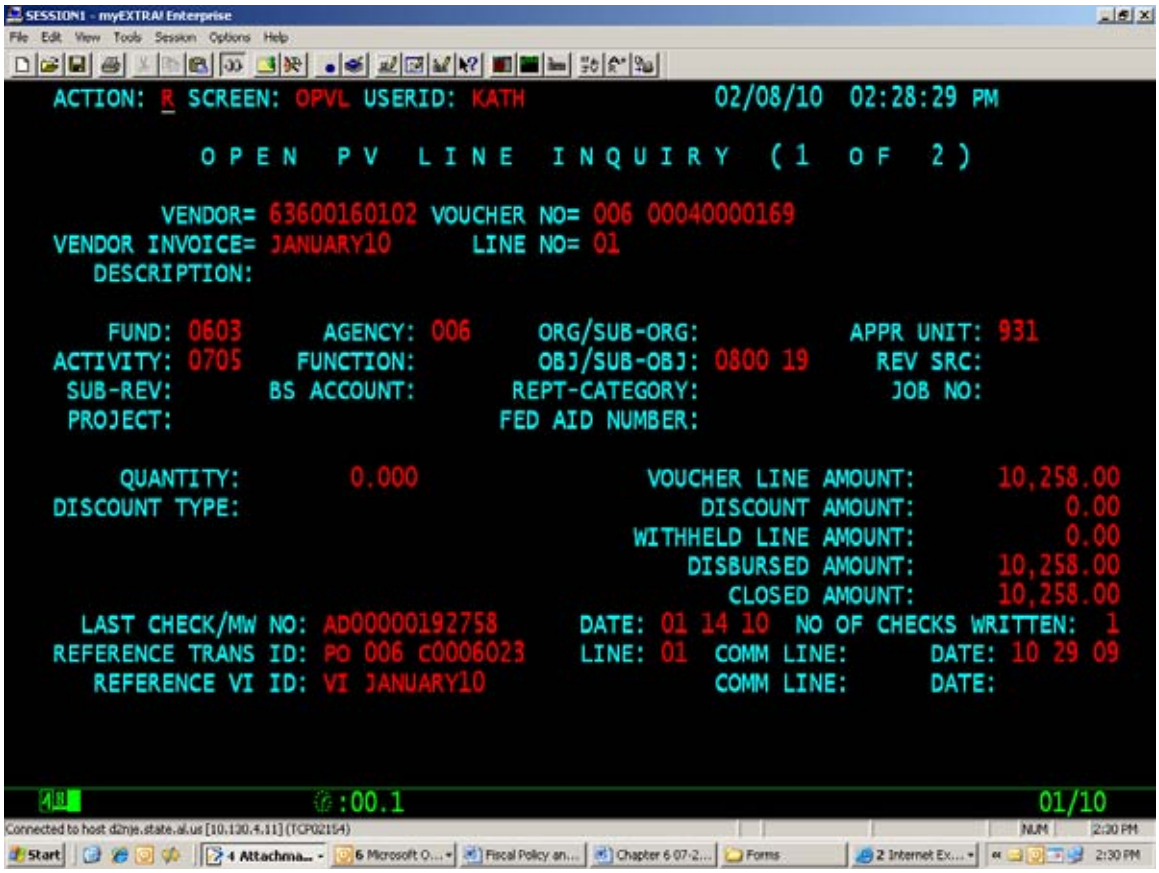
E. OPVH - OPEN PAYMENT VOUCHER HEADER TABLE

This table contains descriptive information for payment vouchers.



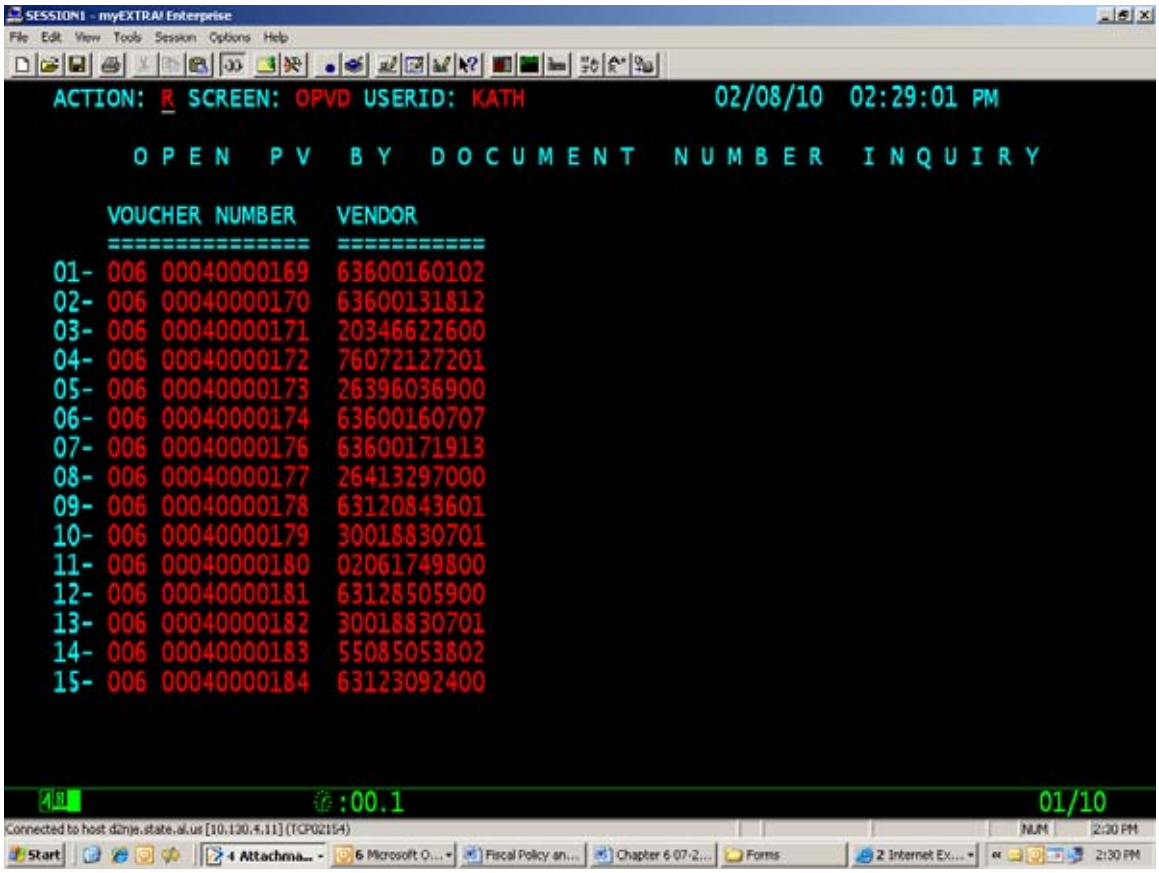
F. OPVL - OPEN PAYMENT VOUCHER LINE TABLE

This table contains line by line payment voucher information and referencing transactions.



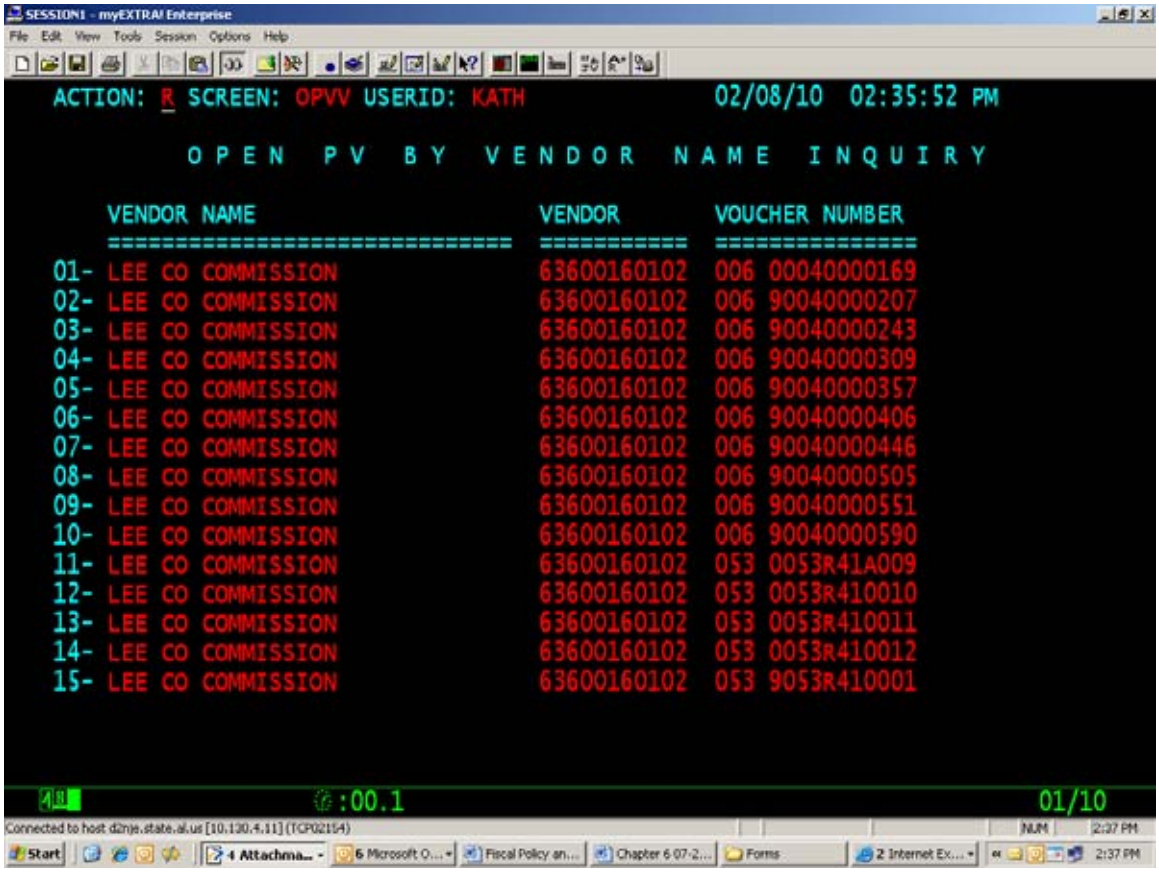
G. OPVD - OPEN PAYMENT VOUCHER HEADER BY DOCUMENT

This table contains payment voucher number and vendor code.



H. OPVV - OPEN PAYMENT VOUCHER BY VENDOR NAME TABLE

This table contains vendor name, voucher number and vendor code.



```
ACTION: R SCREEN: OPVV USERID: KATH                02/08/10  02:35:52 PM

          O P E N   P V   B Y   V E N D O R   N A M E   I N Q U I R Y

     VENDOR NAME                      VENDOR       VOUCHER NUMBER
     ================================ ===========  ===============
01-  LEE CO COMMISSION                63600160102  006 00040000169
02-  LEE CO COMMISSION                63600160102  006 90040000207
03-  LEE CO COMMISSION                63600160102  006 90040000243
04-  LEE CO COMMISSION                63600160102  006 90040000309
05-  LEE CO COMMISSION                63600160102  006 90040000357
06-  LEE CO COMMISSION                63600160102  006 90040000406
07-  LEE CO COMMISSION                63600160102  006 90040000446
08-  LEE CO COMMISSION                63600160102  006 90040000505
09-  LEE CO COMMISSION                63600160102  006 90040000551
10-  LEE CO COMMISSION                63600160102  006 90040000590
11-  LEE CO COMMISSION                63600160102  053 0053R41A009
12-  LEE CO COMMISSION                63600160102  053 0053R410010
13-  LEE CO COMMISSION                63600160102  053 0053R410011
14-  LEE CO COMMISSION                63600160102  053 0053R410012
15-  LEE CO COMMISSION                63600160102  053 9053R410001

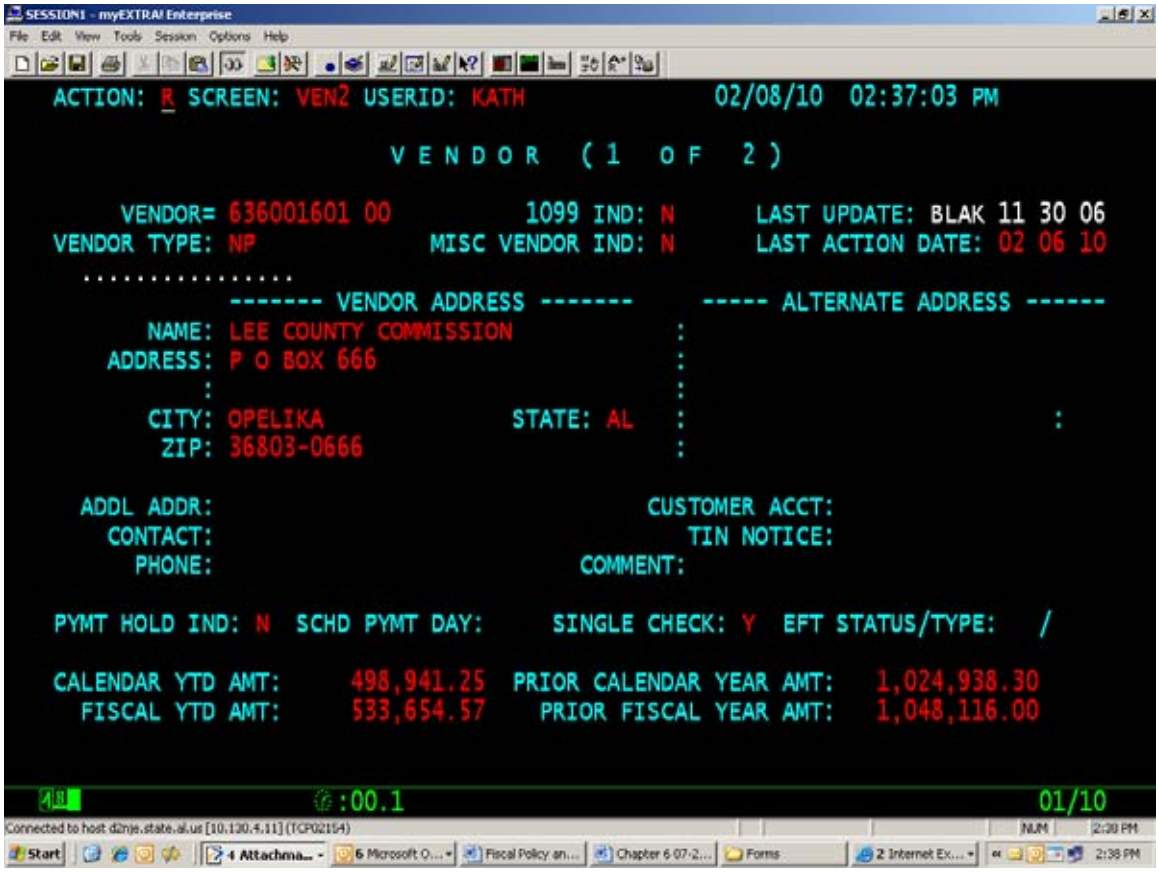
                                  :00.1                                01/10
```

I. VEND - VENDOR INDEX TABLE

This table contains vendor information by vendor number.

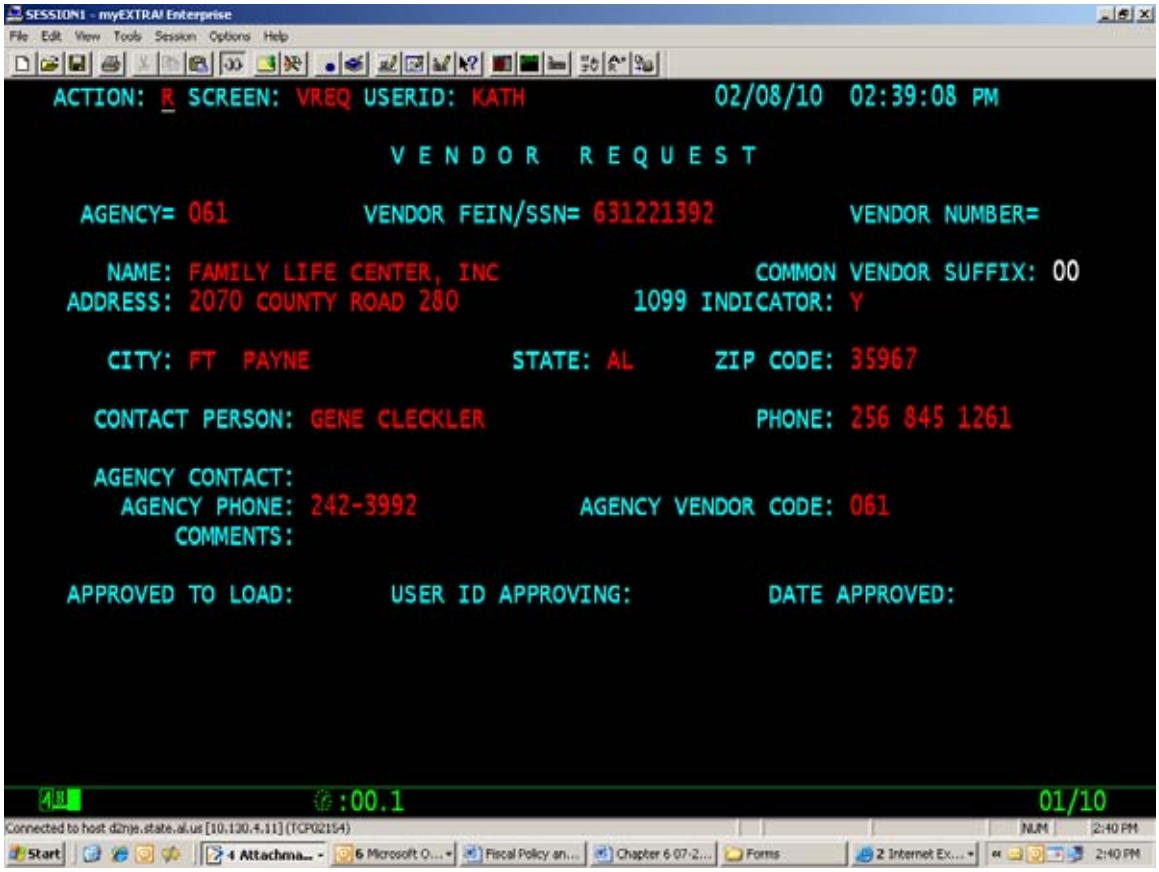
J. VEN2 - COMMON VENDOR TABLE

This table contains vendor information by vendor number



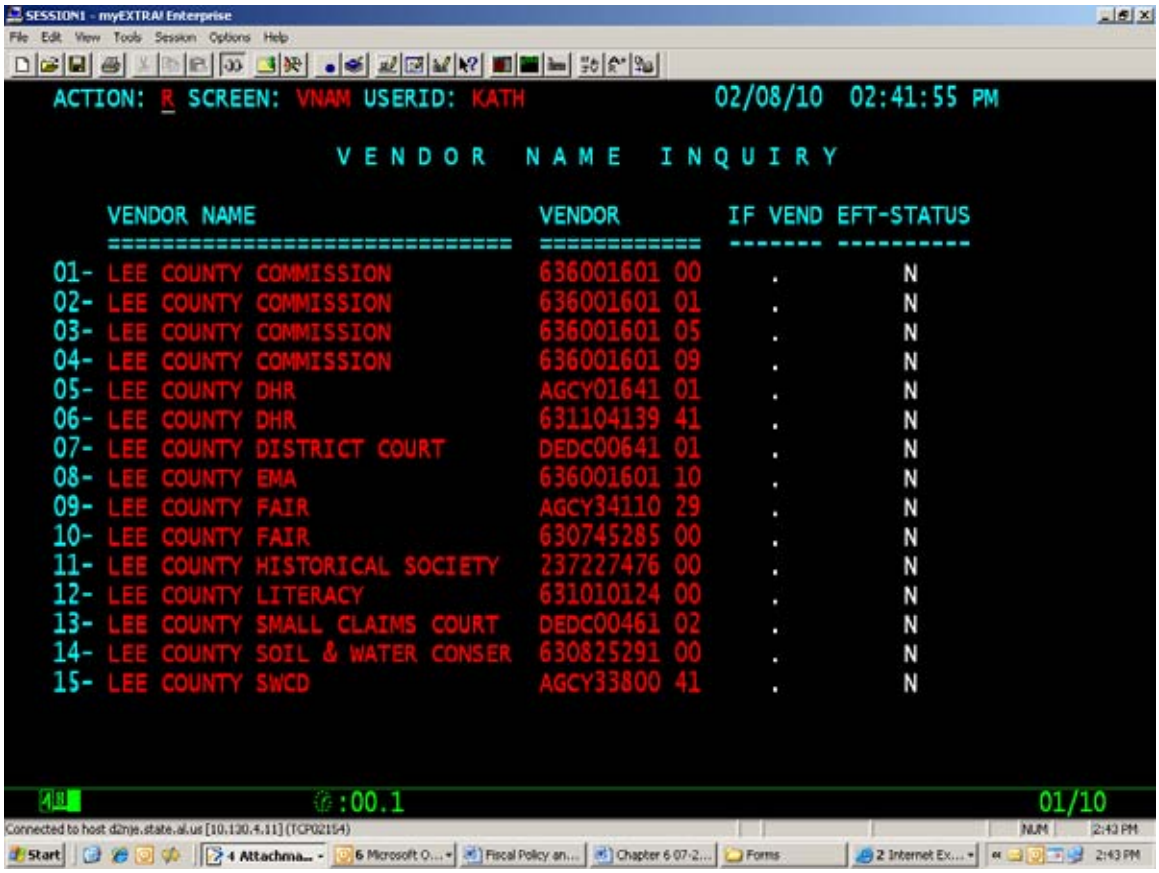
K. VREQ - VENDOR REQUEST TABLE

This table is used by departments to add vendor information to the common vendor file.



L. VNAM - VENDOR NAME TABLE

This table contains vendor information alphabetically by name.



```
ACTION: R SCREEN: VNAM USERID: KATH                02/08/10  02:41:55 PM

                    V E N D O R   N A M E   I N Q U I R Y

     VENDOR NAME                      VENDOR        IF VEND EFT-STATUS
     ==============================   ============  ======= ==========
01-  LEE COUNTY COMMISSION            636001601 00     .        N
02-  LEE COUNTY COMMISSION            636001601 01     .        N
03-  LEE COUNTY COMMISSION            636001601 05     .        N
04-  LEE COUNTY COMMISSION            636001601 09     .        N
05-  LEE COUNTY DHR                   AGCY01641 01     .        N
06-  LEE COUNTY DHR                   631104139 41     .        N
07-  LEE COUNTY DISTRICT COURT        DEDC00641 01     .        N
08-  LEE COUNTY EMA                   636001601 10     .        N
09-  LEE COUNTY FAIR                  AGCY34110 29     .        N
10-  LEE COUNTY FAIR                  630745285 00     .        N
11-  LEE COUNTY HISTORICAL SOCIETY    237227476 00     .        N
12-  LEE COUNTY LITERACY              631010124 00     .        N
13-  LEE COUNTY SMALL CLAIMS COURT    DEDC00461 02     .        N
14-  LEE COUNTY SOIL & WATER CONSER   630825291 00     .        N
15-  LEE COUNTY SWCD                  AGCY33800 41     .        N

                                  :00.1                                01/10
```

M. WREC - WARRANT RECONCILIATION TABLE

This table contains warrant information for three months on warrants that have been redeemed (P), payment stopped (S), expired (E), canceled (C), or remain open (O). Information remains on warrants still outstanding until redeemed or cancelled. The treasury will expire warrants after one year.

ACTION: R SCREEN: WREC USERID: KATH 02/08/10 02:48:53 PM

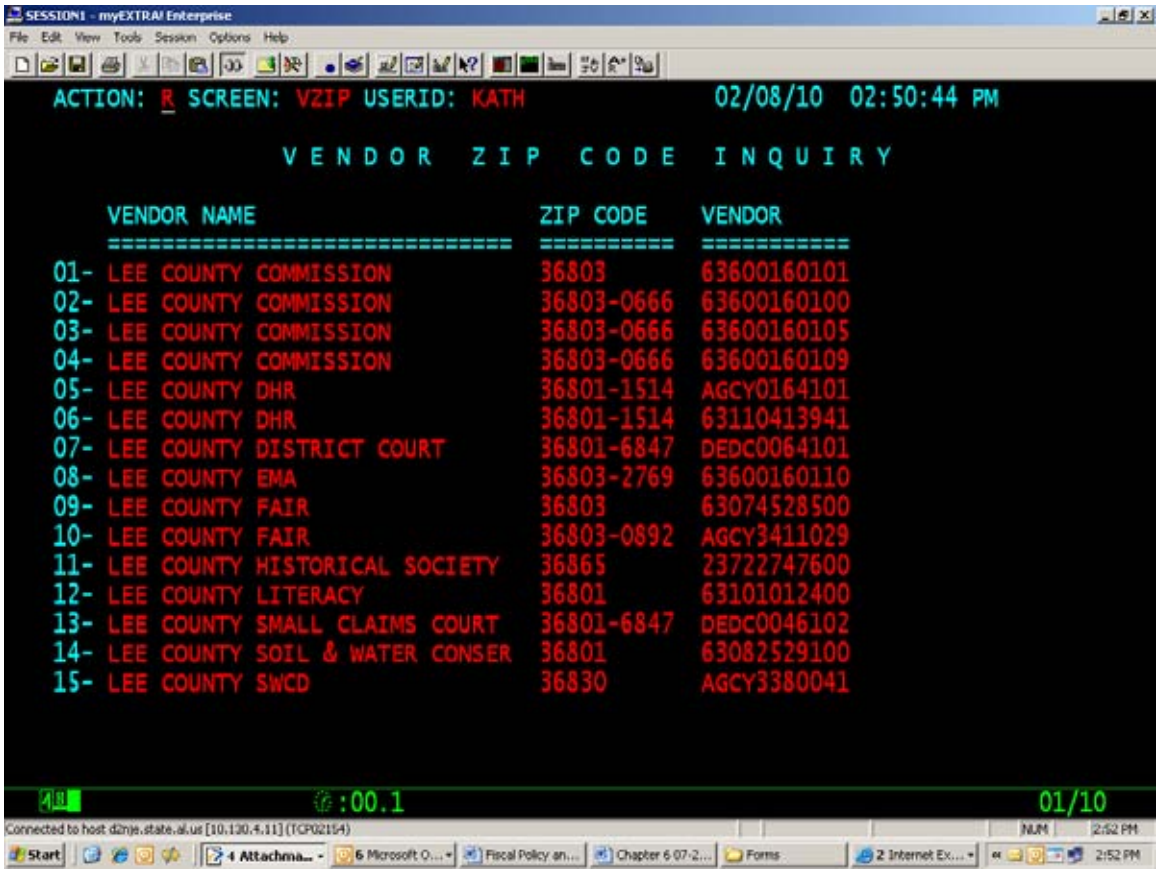
WARRANT RECONCILIATION (1 OF 2)

BANK ACCOUNT CODE= 01

WARRANT NO	FUND	WARRANT DATE	WARRANT AMOUNT	STATUS	LAST ACT DT	ROLL	SEQUENCE
AD00000206165	0900	100122	40.00	C	100122		SYN
AD00000206166	0900	100122	25.00	C	100122		SYN
AD00000206167	0301	100122	999.00	P	100127	0	SYN
AD00000206168	0301	100122	450.00	O			SYN
AD00000206169	0301	100122	56.25	P	100126	0	SYN
AD00000206170	0301	100122	250.40	P	100127	0	SYN
AD00000206171	0301	100122	172.51	P	100128	0	SYN
AD00000206172	0301	100122	150.15	P	100129	0	SYN
AD00000206173	0301	100122	33.75	O			SYN
AD00000206174	0301	100122	8.35	O			SYN
AD00000206175	0301	100122	52.09	P	100126	0	SYN
AD00000206176	0301	100122	56.25	O			SYN
AD00000206177	0301	100122	5.93	O			SYN

N. VZIP – VENDOR ZIP CODE TABLE

This table provides vendor zip code.



```
ACTION: R SCREEN: VZIP USERID: KATH                 02/08/10  02:50:44 PM

                 V E N D O R   Z I P   C O D E   I N Q U I R Y

     VENDOR NAME                      ZIP CODE    VENDOR
     ================================ ==========  ===========
01-  LEE COUNTY COMMISSION            36803       63600160101
02-  LEE COUNTY COMMISSION            36803-0666  63600160100
03-  LEE COUNTY COMMISSION            36803-0666  63600160105
04-  LEE COUNTY COMMISSION            36803-0666  63600160109
05-  LEE COUNTY DHR                   36801-1514  AGCY0164101
06-  LEE COUNTY DHR                   36801-1514  63110413941
07-  LEE COUNTY DISTRICT COURT        36801-6847  DEDC0064101
08-  LEE COUNTY EMA                   36803-2769  63600160110
09-  LEE COUNTY FAIR                  36803       63074528500
10-  LEE COUNTY FAIR                  36803-0892  AGCY3411029
11-  LEE COUNTY HISTORICAL SOCIETY    36865       23722747600
12-  LEE COUNTY LITERACY              36801       63101012400
13-  LEE COUNTY SMALL CLAIMS COURT    36801-6847  DEDC0046102
14-  LEE COUNTY SOIL & WATER CONSER   36801       63082529100
15-  LEE COUNTY SWCD                  36830       AGCY3380041

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CHAPTER 7
PAYROLL/PERSONNEL

7-1 INTRODUCTION

The Government Human Resource System (GHRS) is the integrated payroll/personnel system for the State of Alabama. GHRS was first implemented for the Department of Revenue in 1989. All state agencies paid by the State Comptroller were converted by September 1992. On March 27, 1999, GHRS was upgraded to be year 2000 compliant.

The purpose of this section is to provide guidance to authorized agency personnel who use GHRS to process payroll and personnel transactions.

The payroll office is located in Suite 282; 100 North Union Street; Montgomery, Alabama 36130. Additional contact information is as follows:

GHRS Hotline	334-242-2188
Payroll Fax Number	334-242-3905
Garnishment Fax Number	334-353-5494
Hand Mail Address:	2602 FINANCE - COMPTROLLER
PO Box Mailing Address:	GHRS Suite 282 PO Box 302602 Montgomery, Alabama 36104
Website:	www.comptroller.alabama.gov

Quick Reference:

Additional information regarding taxes, retirement, deferred compensation, employee injury and flexible benefits may be found by following the links below:

http://www.alseib.org/HealthInsurance	State Employee's Insurance Board
http://www.rsa.state.al.us	Retirement Systems of Alabama
http://www.ador.state.al.us/indiv.html	Alabama Department of Revenue
http://www.irs.gov/	Internal Revenue Service
http://www.riskmgt.alabama.gov	Department of Risk Management
http://alabamaretire.gwrs.com/login	Great-West Retirement Services

7-2 STATUTORY REQUIREMENTS

As authorized under the *Code of Alabama 1975 (Code)*, §36-6-1, as amended, most employees are paid one payday in arrears on a semi-monthly basis. Employees who are paid on a semi-monthly arrears basis will usually receive their pay on the 1st and 16th of each month; however, there are exceptions in the Code that deal with months where those dates fall on a holiday or weekend or October 1st.

A pay calendar will be published each year and will be available on the Comptroller's website for review www.comptroller.alabama.gov.

Employees whose pay is based on an annual salary are paid in twenty-four equal semi-monthly installments on the 15th and the last day of the month. Employees who are paid monthly are paid on the last day of the month. If the payday falls on a holiday or weekend, the last working day preceding such day is the date of payment.

The *Code of Alabama 1975*, §36-26-13, as amended, requires the director of the State Personnel Department to certify that the person or persons on a merit system agency's payroll are employees of the state and are legally entitled to receive the compensation stated on the payroll. The director of a non-merit system agency must assume this responsibility for employees in his agency.

Agency personnel, in both merit and non-merit agencies, are responsible for certifying that funds are available to pay all employees. To assist in this certification effort, a Certification Statement (see Exhibit 7-2-1) is incorporated into the Payroll Register. This Certification Statement authorizes the payments shown on the Payroll Register. Authorized personnel have access to this and other payroll reports from the FRMS website. Go to the Comptroller's website at www.comptroller.alabama.gov and select "MONTHLY REPORTS." Log on using an authorized user ID and Password to access all payroll reports for the agency. Note: The actual payroll numbers are inserted where XXXX is shown in Exhibit 7-2-1, and the Pay Period End date and Warrant/Deposit date will be inserted where Month Day, YYYY is shown in this exhibit.

EXHIBIT 7-2-1
CERTIFICATION STATEMENT

****

THE EMPLOYEES ASSIGNED TO PAYROLL NUMBER XXXX FOR THE PAY PERIOD ENDING Month Day, YYYY ARE ENTITLED TO RECEIVE PAYMENT ON Month Day, YYYY. THE FUND AND APPROPRIATION ACCOUNTS INDICATED ON INDIVIDUAL EMPLOYEE RECORDS ARE THE APPROPRIATE ACCOUNTS TO CHARGE AND THE STATE COMPTROLLER IS AUTHORIZED TO CHARGE THOSE ACCOUNTS BASED ON THE ELECTRONIC APPROVALS AFFIXED BY THE DEPARTMENT (WRITTEN AUTHORIZATION FOR ELECTRONIC APPROVALS IS ON FILE IN THE STATE COMPTROLLER'S OFFICE).

THE PAYROLL HAS BEEN CERTIFIED BY THE DIRECTOR OF STATE PERSONNEL IN ACCORDANCE WITH SECTION 36-26-13, CODE OF ALABAMA 1975, AND THE EMPLOYEES ARE ENTITLED TO BE PAID UNDER PROVISIONS OF THE MERIT SYSTEM ACT. THIS CERTIFICATION IS BASED ON ELECTRONIC APPROVALS AFFIXED BY THOSE AUTHORIZED BY THE PERSONNEL DIRECTOR (WRITTEN AUTHORIZATION FOR ELECTRONIC APPROVALS IS ON FILE IN STATE COMPTROLLER'S OFFICE).

****

7-3 DEPARTMENTAL

During the pay period, authorized agency personnel are responsible for completing the tasks outlined in the following steps within the timeframes established by the Comptroller's office and the State Personnel Department. These timelines are set forth in the GHRS production calendar to ensure employees are paid both timely and accurately.

1. Completing any applicable Form-11 to initiate personnel actions such as new hires, rehires, promotions and dismissals.

2. Completing the New Employee screen (NEMP) and the Employee Status Maintenance screen (ESMT) and applying the first two levels of approval if the agency falls within the State Personnel Department's jurisdiction. If the agency is not under the State Personnel Department's jurisdiction, agency personnel enter all levels of approval.

3. Completing the following employee screens: Agency Specific Data screen (AGYS), Address screen (ADDR), Miscellaneous Deductions screen (MISC), Pension screen (PENS), Tax screen (TAX), and the Employee Attribute screen (ATTR).

4. Entering all hours worked for **positive pay** employees. GHRS automatically generates hours worked for exception pay employees. Hourly and contract pay employees are paid on a positive pay basis.

5. Entering appropriate leave events and pay events (i.e., subsistence, overtime, etc.) for positive **and** exception pay employees.

6. Manually accruing leave for all hourly employees and all part-time employees other than half-time (50% or .5 FTE) and three-fourths time (75% or .75 FTE) part-time employees. GHRS automatically accrues leave for .5 FTE and .75 FTE employees.

7. Ensuring that all newly hired employees have completed the IRS Employee's Withholding Allowance Certificate (W-4) and a State of Alabama Employee's Withholding Exemption Certificate (A-4). Completed Withholding Certificates should be submitted by the employee to a designated representative in the agency and maintained on file in the agency. Federal and state income taxes will be withheld based on the entry of information from these forms into the TAX screen in GHRS and will remain in effect until the employee completes a new form.

   A Form W-4 may be obtained from the Internal Revenue Service at: http://www.irs.gov/pub W-4. If that link becomes invalid at some time in the future, drill down for the W-4 form, under Forms and Publications, on the main IRS website at http://www.irs.gov. To place an order for forms to be mailed, go to http://www.irs.gov/formspubs. The form can also be obtained by calling the Internal Revenue Service at 1-800-829-3676.

   A Form A-4 may be obtained from the Alabama Department of Revenue at http://www.revenue.alabama.gov/Withholding A4 . If that link becomes invalid at some time in the future, drill down for Forms from the main website for the Alabama Department of Revenue at http://www.ador.state.al.us/.

   An employee may specify a fixed dollar amount to be withheld in **addition** to the amount of withholding based on the completed forms. Additional withholding amounts are also entered on the TAX screen for the employee.

If an employee would like to claim exempt status, a new W-4 must be filed by February 15 for the year in which exemption is being claimed. A new form needs to be filed every year in which the exemption is taken. If no new W-4 is filed by the deadline, the employee's withholding allowances must be changed to reflect single status with no withholding allowances for federal tax purposes until another W-4 is filed.

8. Ensuring that employees who are eligible for Advanced Earned Income Credit Payments, as defined by IRS regulations, have a completed Earned Income Credit Advance Payment Certificate; IRS Form W-5 (Exhibit 7-3-1)) on file. An employee may have only one certificate in effect with the State of Alabama. If an employee is married and his or her spouse also works, each spouse should file a separate Form W-5. The Form W-5 remains in effect until the end of the calendar year in which it was filed. **Eligible employees must file a new Earned Income Credit Advance Payment Certificate each year.**

   A Form W-5 may be obtained from the Internal Revenue Service at: http://www.irs.gov/pub/w-5. If that link becomes invalid at some time in the future, drill down for the W-5 form, under Forms and Publications, on the main IRS website at http://www.irs.gov/. To place an order for forms to be mailed, go to http://www.irs.gov/formspubs. The form can also be obtained by calling the Internal Revenue Service at 1-800-829-3676.

9. Ensuring all data entered for the employee is correct. It is mandatory that the correct name, social security number and address be entered for an employee. This data is used for reporting salary and tax information to the Internal Revenue Service, the Alabama Department of Revenue and the Social Security Administration. The address is used for mailing warrants/advices, IRS Form W-2 Wage and Tax Statements and any additional correspondence which may be needed to employees.

   If an employee has been entered with an incorrect social security number, agency personnel must immediately notify the Payroll section of the Comptroller's office in writing, providing a copy of the employee's social security card. If the employee's name or address is incorrect, authorized agency personnel can update, in GHRS, the ENCH screen for a name change or the ADDR screen for an address change.

In addition to the employee-related tasks outlined in the preceding steps, the agency is responsible for the following tasks:

10. Ensuring sufficient cash and budget is available for each payroll.

11. Ensuring that an FRMS-14 -- AUTHORIZATION FOR ELECTRONIC APPROVALS (Exhibit 7-3-2) is forwarded to the Payroll Section of the Comptroller's office with the original signature of any newly authorized Department Head. This memorandum will remain on file as written authorization for the Comptroller to issue warrants for the agency's employees.

EXHIBIT 7-3-1
EARNED INCOME CREDIT ADVANCE PAYMENT CERTIFICATE
2010 FORM W-5

This form can be printed from the IRS website at
http://www.irs.gov/pub/irs-pdf/fw5.pdf

2010 Form W-5

Department of the Treasury
Internal Revenue Service

Instructions

Purpose of Form

Use Form W-5 if you are eligible to get part of the earned income credit (EIC) in advance with your pay and choose to do so. See *Who Is Eligible To Get Advance EIC Payments?* below. The amount you can get in advance generally depends on your wages. If you are married, the amount of your advance EIC payments also depends on whether your spouse has filed a Form W-5 with his or her employer. However, your employer cannot give you more than $1,830 throughout 2010 with your pay. You will get the rest of any EIC you are entitled to when you file your 2010 tax return and claim the EIC.

If you do not choose to get advance payments, you can still claim the EIC on your 2010 tax return.

What Is the EIC?

The EIC is a credit for certain workers. It reduces the tax you owe. It may give you a refund even if you do not owe any tax.

Who Is Eligible To Get Advance EIC Payments?

You are eligible to get advance EIC payments if **all four** of the following apply.

1. You (and your spouse, if filing a joint return) have a valid social security number (SSN) issued by the Social Security Administration. For more information on valid SSNs, see Pub. 596, Earned Income Credit (EIC).

2. You expect to have at least one qualifying child and to be able to claim the credit using that child. If you do not expect to have a qualifying child, you may still be eligible for the EIC, but you cannot receive advance EIC payments. See *Who Is a Qualifying Child?* beginning on this page.

3. You expect that your 2010 earned income and adjusted gross income (AGI) will each be less than $35,535 ($40,545 if you expect to file a joint return for 2010). Include your spouse's income if you plan to file a joint return. As used on this form, earned income does not include amounts inmates in penal institutions are paid for their work or amounts received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan. Generally, earned income also does not include nontaxable earned income, but you can elect to include nontaxable combat pay in earned income.

4. You expect to be able to claim the EIC for 2010. To find out if you may be able to claim the EIC, answer the questions on page 2.

How To Get Advance EIC Payments

If you are eligible to get advance EIC payments, fill in the 2010 Form W-5 at the bottom of this page. Then, detach it and give it to your employer. If you get advance payments, you must file a 2010 Form 1040 or 1040A income tax return.

You may have only one Form W-5 in effect at one time. If you and your spouse are both employed, you should file separate Forms W-5.

This Form W-5 expires on December 31, 2010. If you are eligible to get advance EIC payments for 2011, you must file a new Form W-5 next year.

TIP *You may be able to get a larger credit when you file your 2010 return. For details, see* Additional Credit *on page 3.*

Who Is a Qualifying Child?

A qualifying child is any child who meets all four of the following conditions.

1. The child is your son, daughter, stepchild, foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them (for example, your grandchild, niece, or nephew). An adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption. A foster child is any child placed with you by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

2. The child is under age 19 at the end of 2010 and younger than you (or your spouse, if filing jointly); or under age 24 at the end of 2010, a student, and younger than you (or your spouse, if filing jointly); or any age and permanently and totally disabled. A student is a child who during any 5 months of 2010 (a) was enrolled as a full-time student at a school or (b) took a full-time, on-farm training course given by a school or a state, county, or local government

(continued on page 3)

Give the bottom part to your employer; keep the top part for your records.

Detach here

Form **W-5**
Department of the Treasury
Internal Revenue Service

Earned Income Credit Advance Payment Certificate

► Use the current year's certificate only.
► Give this certificate to your employer.
► This certificate expires on December 31, 2010.

OMB No. 1545-0074

2010

Print or type your full name | Your social security number

Note. *If you get advance payments of the earned income credit for 2010, you* ***must*** *file a 2010 federal income tax return. To get advance payments, you* ***must*** *have a qualifying child and your filing status must be any status* ***except*** *married filing a separate return.*

1 I expect to have a qualifying child and be able to claim the earned income credit for 2010 using that child. I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC payments ☐ Yes ☐ No

2 Check the box that shows your expected filing status for 2010:
☐ Single, head of household, or qualifying widow(er) ☐ Married filing jointly

3 If you are married, does your spouse have a Form W-5 in effect for 2010 with any employer? . . . . . ☐ Yes ☐ No

Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.

Signature ► Date ►

Cat. No. 10227P

Do Not Copy

EXHIBIT 7-3-2
AUTHORIZATION FOR ELECTRONIC APPROVALS
FRMS-14

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-14
Rev 06/09

AUTHORIZATION FOR ELECTRONIC APROVALS

MEMORANDUM

TO: State Comptroller

FROM: _____
Department Head

_____
State Agency

DATE: _____

I hereby grant the authority to the State Comptroller to affix electronic approvals for payroll and personnel transactions based on the information provided by my agency on approved forms.

DO NOT COPY

Approved Department Head	Agency	Date
Signature State Comptroller	State Comptroller	Date

7-4 COMPTROLLER RESPONSIBILITIES

The following is a list of items that the Payroll section of the Comptroller's office is responsible for completing to ensure that all state employees are paid both timely and accurately and that regulatory report filings are correct:

1. Issuing salary warrants and completing EFT transactions in GHRS in accordance with federal, state, municipal, and State Personnel Department rules and regulations.

2. Determining the accuracy and legality of every claim submitted for the issuance of a warrant and determining that funds have been appropriated, allotted and are available in the State Treasury prior to the issuance of either a warrant or an electronic transfer of funds, as mandated by *Code of Alabama 1975*, §41-4-50, as amended.

3. Assuring that sufficient funds are transferred to the state's clearing house bank so that all employees receive the benefit of those funds no later than start of business on payday.

4. Paying fringe benefits and amounts withheld from employees' pay to third party vendors in a timely manner and withholding a 1% collection fee on specific vendors as determined by the State Comptroller in accordance with *Code of Alabama 1975*, §36-1-4.3, as amended.

5. Adjusting pay and deduction balances of an employee as determined by salary refunds in order to assure that all payroll information is true and correct.

6. Producing and distributing Form W-2's for state employees and Form 1099-R's by January 31 of each calendar year and reporting this information to appropriate federal, state, and municipal agencies.

7-5 GHRS DOCUMENT FLOW

A. MERIT SYSTEM AGENCIES

The following is a detailed description of the payroll/personnel processing flow for merit system agencies:

1. Agency personnel prepare supporting documents for personnel actions such as the State Personnel Department's Form-8, Form-41, Form-11, etc., and ensure that all such documents are forwarded to the appropriate entities within established timeframes.

2. Agency personnel enter New Employee screen (NEMP) and Employee Status Maintenance (ESMT) transactions in GHRS for new employees and update changes to ESMT for existing employees. Approval levels one and two are applied by authorized agency personnel.

3. Authorized State Personnel Department employees verify the supporting documentation and apply approval levels three and four to ESMT transaction which was initiated by the agency.

4. Agency personnel enter all other employee screens for new hires. No approvals are required from the State Personnel Department.

5. When required, agency personnel update employee data on screens other than the ESMT for existing employees. No approvals are required from the State Personnel Department.

6. Agency personnel enter hours worked for positive pay employees in GHRS. Leave usage is entered in GHRS for both positive and exception pay employees.

7. The Time-to-Gross cycle is run for semi-monthly arrears employees only. This cycle uses employee data to process time and leave documents and creates pending payments which can be viewed on the PEND screen in GHRS.

   NOTE: Agency personnel must contact the GHRS hotline to process documents for semi-monthly (current) and monthly employees.

8. The Gross-to-Net cycle is run. Pending payments and other employee data are processed to calculate employees' gross and net pay.

9. Electronic Funds Transfer (EFT) file is created and sent to the state's clearinghouse bank.

10. The Payroll Register is created and loaded for Internet access. Authorized personnel have access to this and other payroll reports from the FRMS website. Go to the Comptroller's website at www.comptroller.alabama.gov and select "MONTHLY REPORTS." Log on using an authorized user ID and Password to access all payroll reports for the agency

11. Leave accruals are processed and posted to employees' leave balances.

12. Salary warrants and EFT advices are printed.

13. The AFNS (Advantage Financial Systems) journal vouchers for payroll and fringe benefits are processed and posted to AFNS applications.

14. Journal vouchers for payroll and fringe benefits are processed and posted to CAS.

15. If the CAS journal voucher processes successfully, then the warrants/advices are released. However, if the CAS journal voucher for an agency rejects due to insufficient budget authority or cash, the problem(s) must be resolved before salary warrants for that agency are released.

16. Salary warrants and EFT advices are released to authorized agency personnel for employee distribution.

B. NON-MERIT SYSTEM AGENCIES

The following is a detailed description of the payroll/personnel processing flow for non-merit system agencies:

1. Agency personnel prepare supporting documents for personnel actions.

2. Agency personnel enter and update the New Employee (NEMP) screen and the Employee Status Maintenance (ESMT) transactions in GHRS for new hires or update changes to the ESMT of existing employees. All levels of approval are applied when transactions are updated.

3. Agency personnel enter all other employee transactions for the new hires or enter changes to existing employee data, all of which are entered on screens in GHRS.

4. Agency personnel enter hours worked for positive pay employees in GHRS. Leave usage is entered in GHRS for both positive and exception pay employees.

5. The Time-to-Gross cycle is run for semi-monthly arrears employees only. This cycle uses employee data to process time and leave documents to create pending payments which can be viewed on the PEND screen in GHRS.

NOTE: Agency personnel must contact the GHRS hotline to process documents for semi-monthly (current) and monthly employees.

6. The Gross-to-Net cycle is run. Pending payments and other employee data are processed to calculate employees' gross and net pay.

7. Electronic Funds Transfer (EFT) file is created and is passed to the Clearinghouse bank.

8. The Payroll Register is created and loaded for Internet access. Authorized personnel have access to this and other payroll reports from the FRMS website. Go to the Comptroller's website at www.comptroller.alabama.gov and select "REPORTS AND FORMS" then select "MONTHLY REPORTS." Log on using an authorized user ID and Password to access all payroll reports for the agency.

9. Leave accruals are processed and posted to employees' leave balances.

10. Salary warrants and EFT advices are printed.

11. The AFNS journal vouchers for payroll and fringe benefits are processed and posted to AFNS applications.

12. Journal vouchers for payroll and fringe benefits are processed and posted to CAS.

13. If the CAS journal voucher processes successfully, then the warrants/advices are released. If the CAS journal voucher for an agency rejects due to insufficient budget authority or cash, the problem(s) must be resolved before the salary warrants for that agency are released.

14. Salary warrants and EFT advices are released to authorized agency personnel for employee distribution.

7-6 PAY TYPES

A. LONGEVITY PAY

In accordance with *Code of Alabama 1975*, §36-6-11, as amended, all State of Alabama employees and law enforcement officers, whether merit system or not, are entitled to receive a lump sum payment for longevity if the employee has accumulated at least five years total eligible service time and is in an active pay status as of **December 1** of the current calendar year. Eligible service time includes time worked and paid by any of the following: the State Comptroller; the Comptroller for the Alabama State Port Authority; or, prior to August 25, 1990, the Comptroller for the Department of Mental Health and Mental Retardation.

No **temporary** time worked; leave without pay, except for Military leave without pay or long leave without pay for medical purposes, as allowed by the Family Medical Leave Act (FLMA), or time worked as an independent contractor will be credited for eligible service time. In the case of long leave without pay for medical leave, the longevity counter will be adjusted, as detailed in the annual longevity memo issued each year by the Comptroller, to give the employee 2/3 credit for time not worked due to an on-the-job injury.

The *Code of Alabama 1975*, §36-6-11, was amended in 2006 by the legislative passage of Act 2006-420. The amendment dealt with longevity pay amounts for varying service levels. A new category of service for 25+ years of service was added for which the longevity pay was set at $700. The 2006 amendment further provided that beginning October 1, 2006, and continuing each fiscal year thereafter in which an employee DOES NOT RECEIVE A COST OF LIVING INCREASE, each service level amount will be increased by $100 per year to a maximum of $1,000 for 25 years of service so long as an employee remains in service.

Cost of living increases or adjustments are commonly referred to as COLA, so this acronym will be used interchangeably with cost of living increase in this manual.

The following amounts reflect the longevity payments for FY11 and the potential changes thereafter until the maximum specified by the amendment is reached:

FY 11 LONGEVITY PAY INCREMENTS

5 + years of service	$500
10 + years of service	$600
15 + years of service	$700
20 + years of service	$800
25 + years of service	$900 (**as granted in ACT 2006-420**)

EXAMPLES OF REVISED LONGEVITY AMOUNTS:
For the next Fiscal Year in which no COLA is received, the following schedule of longevity payments will be applicable:

5 + years of service	$600
10 + years of service	$700
15 + years of service	$800
20 + years of service	$900
25 + years of service	$1,000*

After $1,000 is reached for the 25 + year level, each service level amount will remain as is noted in this chart (unless/until future legislation dictates a change).

Generally, the amount of longevity pay for permanent part-time employees is calculated using the percentage of full-time hours worked and the length of service. For example, if a 50% employee works 1,040 hours a year and the employee has 6 years of service, then the employee is eligible to receive $250.00 ($500 X .5). One time Payment forms, for all part-time employees, must be completed and forwarded to the Payroll Section of the Comptroller's Office by the deadline established in the annual longevity memo issued by the Comptroller's Office.

Federal tax is withheld at a flat rate of 25 percent and state tax is withheld at a flat rate of 3 percent. If the employee's regular pay is subject to FICA and/or Medicare, the longevity pay is also subject to FICA and/or Medicare. Longevity pay is **not** subject to retirement.

Departments are responsible for determining, in accordance with the law and the rules outlined herein, who is eligible and the total service time allowed to each employee for the purpose of identifying the amount of longevity pay due to the employee.

B. LONGEVITY OVERTIME PAY

In accordance with Title 29 *Code of Federal Regulations* Section 778, any bonuses received by employees who are not exempt from the Fair Labor Standards Act (FLSA) must be included in calculating the hourly rate used to pay overtime at the time and a half rate. For example, Employee A, whose salary is $24,960.00, has received a $500 longevity bonus. Employee A's hourly rate is $12.00 ($24,960/2,080 hours[1]). He has been paid 200 hours of overtime at the time and a half rate of $18.00 an hour ($12.00 x 1.5). The employee is eligible to receive an additional $72, calculated as follows:

1) $500 longevity bonus/2,080 standard hours = $.24
2) $.24 x 1.5 (time and a half) = $.36
3) $.36 x 200 hours overtime = $72.00

NOTES:
A) The longevity overtime uses a rate of $.24 and not $18.24 because the employee was already paid $18.00 an hour for overtime worked throughout the year.
B) If the additional overtime compensation due to the longevity bonus is less than $10.00, the amount can be considered "de minimis" and should not be paid.

At the beginning of a new calendar year, a listing will be furnished to agencies showing all employees in that agency who received a longevity bonus in the previous calendar year, the amount of the bonus, and the number of hours paid at the time and one-half rate in the previous calendar year. In addition, a memo will be attached detailing timelines in which employees will be paid longevity overtime.

Form FRMS-17 -- ONE TIME PAYMENT (Exhibit 7-7-3) must be completed by the agency for all employees who are eligible to receive longevity overtime. These forms should be forwarded to the Payroll section of the Comptroller's Office in accordance with the instructions detailed in the memo. These payments will be included in the employees' regular payroll warrants. **If an agency has over 50 employees due longevity overtime, payments must be provided to the Comptroller's Office via an electronic file.**

Federal tax is withheld at a flat rate of 25 percent and state tax is withheld at a flat rate of 3 percent. If the employee's regular pay is subject to FICA, Medicare and/or retirement, the longevity overtime pay is also subject to those withholdings.

C. SUBSISTENCE PAY

Code of Alabama 1975, §36-21-2, as amended, states that any law enforcement officers of the State of Alabama who are employed by the Department of Public Safety, Department of Industrial Relations, Department of Conservation and Natural Resources, Alabama Alcoholic Beverage Control Board, Department of Agriculture and Industries, Alabama Department of Forensic Sciences, Transportation Enforcement Division of the Alabama Public Service Commission, the Alabama Liquefied Petroleum Gas Board, Alabama Criminal Justice Information Center, Alabama Peace Officers Standards and Training Commission, Alabama Securities Commission, State Port Authority, Probation and Parole officers of the Alabama Board of Pardons and Paroles, Fire Marshals of the Department of Insurance, Revenue Enforcement officers of the Department of Revenue, State Capitol Police, any investigative employee of the Alabama Ethics Commission, any investigator employed by a district attorney on a full-time basis, the Marshal or any Deputy Marshal of the State Appellate Court, and correctional officers of the Department of Corrections are entitled to receive a subsistence allowance of $12.00 for each working day of a pay period while engaged in the performance of his duties as a law enforcement officer.

Federal tax is withheld at a flat rate of 25 percent. Subsistence payments are exempt from state tax. If the employee's regular pay is subject to FICA, Medicare, and/or retirement, the subsistence pay is also subject.

1 The standard number of work hours per year that is used by the federal government, and industry in general, is 2,080 hours, and that is the number used by the State of Alabama.

D. OVERTIME

Overtime payments can be paid at a time and one-half rate (OTIME) or at a straight-time rate for time worked in excess of the maximum hours specified by FLSA for the FLSA cycle. For most state employees, the FLSA cycle is Saturday through Friday, with a maximum of 40 hours. Notable exceptions to this rule are firefighters and law enforcement officers where the FLSA requirements are different.

The State Personnel Department publishes guidelines regarding eligibility for straight time versus OTIME. Agencies must comply with those rules which are published in the *State of Alabama Personnel Procedures Manua*l.

Overtime payments are taxed at a flat rate of 25 percent for federal taxes and a flat rate of 3 percent for state taxes. If the employee's regular pay is subject to FICA, Medicare, and/or retirement, any overtime payment is also subject to FICA, Medicare and/or retirement.

E. ANNUAL AND SICK LEAVE SEPARATION PAY

In accordance with State Personnel Department rules and regulations, an employee is entitled to receive payment for all accrued but unused annual leave, **up to a maximum of 480 hours**, at the time of his separation or retirement. These payments shall be made at the rate of 1/2080 of the employee's regular annual pay at the time of the employee's separation from state service.

In accordance with *Code of Alabama 1975*, §36-26-36, as amended, an employee is entitled to receive payment of 50 percent of accrued but unused sick leave, **up to a maximum of 1,200 hours** (in most cases), at the time of his **retirement.** These payments shall be made at the rate of 1/2080 of the employee's regular annual pay at the time of the employee's retirement.

§36-26-36.1 states that in lieu of payment for half of accrued and unused sick leave, an employee may choose to use all of his accrued and unused sick leave as membership service time in determining the total years of creditable service for retirement purposes.

Separation payments for accrued but unused sick and annual leave are subject to a flat rate of 25 percent federal withholding tax and 3 percent state withholding tax. If the employee's regular pay is subject to FICA and/or Medicare, separation payments (unless due to disability) are also subject to FICA and/or Medicare. However, if an employee retires due to a disability, the payment for accrued and unused sick leave is not subject to FICA or Medicare. All separation payments are exempt from retirement deductions.

The payment for separation annual and sick leave is normally processed on the payday following the employee's last regular paycheck.

F. BOARD OF ADJUSTMENT CLAIMS

In accordance with *Code of Alabama 1975*, §41-9-68, as amended, the Board of Adjustment may award back pay to an employee based on a submitted claim pertaining to the situations listed in §41-9-62. If back pay is awarded to an employee, form FRMS-17 -- ONE TIME PAYMENT (Exhibit 7-7-3) must be completed and forwarded to the Payroll section of the Comptroller's office with a copy of the Board of Adjustment ruling.

Board of Adjustment awards will be processed in the employee's next regular payroll cycle. These payments are taxed at a flat rate of 25 percent for federal taxes and a flat rate of 3 percent for state taxes. If the employee's regular pay is subject to FICA, Medicare, and/or retirement, these payments will also be subject to FICA, Medicare and/or retirement.

G. MILITARY DIFFERENTIAL PAY

Act No. 2002-430 provides for the payment of military differential for "state employees called into active service in any of the Armed Forces of the United States during the War on Terrorism." It provides that employees activated for 30 or more consecutive days, "shall receive compensation in an amount which is equal to the difference between the lower active duty military pay and the higher public salary which he or she would have continued to receive if not called to active service." Additional information, including forms and instructions, can be found on the State Department of Personnel's website at www.personnel.alabama.gov click on Agency Services then forms.

Effective January 1, 2009, military differential payments are wages subject to federal and state income tax withholdings, but they are excludable from social security and medicare taxes.

7-7 SUPPLEMENTAL PAYMENTS, ONE TIME PAYMENTS, AND ONE TIME DEDUCTIONS

A. SUPPLEMENTAL PAYMENTS

A supplemental payroll cycle is normally processed three business days after the semi-monthly arrears payday. For example, if the semi-monthly arrears payday falls on Friday and the following Monday is a holiday, the supplemental run will occur on Thursday. The scheduled supplemental processing dates are shown on the monthly GHRS Production Calendar, published by the Comptroller's Office. Supplemental payments are made if an employee's pay has been **significantly** affected, due to:

a) errors made during an update to the Employee Status Maintenance screen (ESMT), including an ESMT not entered/approved before the regular payroll was processed if the pay was significantly affected; or
b) errors in entering hours worked.

Form FRMS-12 -- SUPPLEMENTAL REQUEST – INCORRECT HOURS (Exhibit 7-7-1) or form FRMS-13 -- SUPPLEMENTAL REQUEST - ESMT ERROR (Exhibit 7-7-2) must be completed and forwarded to either the State Personnel Department and/or the Payroll section of the Comptroller's office within the deadlines set by the State Personnel Department and the Comptroller to ensure employees are paid both timely and accurately in the supplemental payroll cycle. A warrant is issued for all supplemental payments. Supplemental payments are not eligible for direct deposit (EFT).

The following payments will **not** be included in supplemental payrolls and will be paid in the next normal payroll:

1. Raises or other pay rate changes not approved before the normal payroll cycle was processed.

2. Payments for hours omitted from an employee's pay which total less than 25 percent of the total hours worked by the employee during the pay period.

3. Payments for overtime and/or subsistence omitted from an employee's pay.

4. Annual and sick leave separation payments.

5. Adjustments due to incorrect or missing deductions.

EXHIBIT 7-7-1
SUPPLEMENTAL REQUEST – INCORRECT HOURS
FRMS-12

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-12
Revised 06/08

STATE OF ALABAMA
SUPPLEMENTAL REQUEST – INCORRECT HOURS

Complete this form if the warrant was incorrect or missing due to hours not entered or Leave Without Pay (LWOP) entered in error.

The timesheet must be entered and this form forwarded to Payroll, Room 282, RSA Union Building, no later than two working days preceding the supplemental processing date.

Agency Number: ____ ____ ____ Payroll Number: ____ ____ ____ ____

Employee ID: ____ ____ ____ - ____ ____ - ____ ____ ____ ____

Employee Name: _____

Reason for Supplemental: _____

_____

_____

Pay Period Affected: ____ ____ / ____ ____ / ____ ____

Batch ID: _____ Number of Hours Entered: _____

Positive Pay: Yes ____ No ____ Exception Pay: Yes ____ No ____

Warrant #: _____ Warrant Date: ____ ____ / ____ ____ / ____ ____

Authorized Departmental Approval: _____

Submitted By: _____

Phone #: _____

For Comptroller's Use Only:

CHCK ____ STRG ____ BATCH ____ TAX ____ IDED ____

Processed by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

Verified by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

DO NOT COPY

EXHIBIT 7-7-2
SUPPLEMENTAL REQUEST- ESMT ERROR
FRMS-13

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-13
Revised 06/08

STATE OF ALABAMA
SUPPLEMENTAL REQUEST – ESMT ERROR

Complete this form if the warrant was incorrect or missing due to an ESMT transaction not entered or approved before the regular payroll was processed.

The ESMT transaction must be completed, all paperwork necessary to approve the transaction, and this form should be forwarded to State Personnel/Payroll Audit for all merit, unclassified and exempt employees seven (7) days prior to the supplemental processing date.

Agency Number: ____ ____ ____ Payroll Number: ____ ____ ____ ____

Employee ID: ____ ____ ____ - ____ ____ - ____ ____ ____ ____

Employee Name: _____

Reason for Supplemental: _____

_____

_____

Pay Period Affected: ____ ____ / ____ ____ / ____ ____

Batch ID: _____ Number of Hours Entered: _____

Positive Pay: Yes ____ No ____ Exception Pay: Yes ____ No ____

Warrant #: _____ Warrant Date: ____ ____ / ____ ____ / ____ ____

Authorized Departmental Approval: _____

Submitted By: _____

Phone #: _____

For State Personnel's Use Only:

State Personnel Approval: _____

Approved by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

For Comptroller's Use Only:

CHCK ____ **STRG** ____ **BATCH** ____ **TAX** ____ **IDED** ____

Processed by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

Verified by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

DO NOT COPY

B. ONE TIME PAYMENTS

One time payments are normally lump sum payments that are due an employee. These payments may be due to a situation when a raise or other pay rate change is not approved in time for regular payroll processing. One time payments are also entered for court-ordered back payment amounts. Agencies must complete form FRMS-17 -- ONE TIME PAYMENT (Exhibit 7-7-3) and forward it to either the State Personnel Department and/or the Payroll section of the Comptroller's office as indicated on the form and within the deadlines set by the State Personnel Department and the Comptroller in order for the amount to be included in the employee's next regular payroll warrant. One time payments are charged to the employee's normal accounting distribution unless otherwise noted on the One Time Payment form.

C. ONE TIME DEDUCTIONS

One time deductions may be entered on an employee's record if the money is to be withheld on only one paycheck. Agency personnel must complete form FRMS-18 -- ONE TIME DEDUCTION (Exhibit 7-7-4) and forward it to the Payroll section of the Comptroller's office.

If an employee wishes to have an amount for deferred compensation withheld from his payment for separation annual and sick leave, a One Time Deduction form must be completed and forwarded to the payroll section of the Comptroller’s Office within established timelines.

If a deduction (health insurance, retirement) was not withheld from an employee’s regular pay in error, a One Time Deduction form can be completed and forwarded to the payroll section of the Comptroller’s Office to withhold the deduction(s) from the employee’s next regular payroll cycle.

EXHIBIT 7-7-3
ONE TIME PAYMENT FORM
FRMS-17

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-17
Revised 06/08

STATE OF ALABAMA
ONE TIME PAYMENT (1PAY)

Complete this form only for raises or other pay rate changes not approved in time for regular payroll processing.

These adjustments will be approved and processed with the employee's next regular payroll warrant.

The completed form must be forwarded to State Personnel/Payroll Audit no later than two business days following the previous semi-monthly arrears payday.

Agency Number: ____ ____ ____ Payroll Number: ____ ____ ____ ____

Employee ID: ____ ____ ____ - ____ ____ - ____ ____ ____ ____

Employee Name: _____

Reason for Adjustment: _____

_____

_____

Effective Date for 1PAY: ____ ____ / ____ ____ / ____ ____

Amount of Adjustment: $ _____
(indicate if negative amount)

Authorized Departmental Approval: _____

Submitted By: _____

Phone #: _____

For State Personnel's Use Only:

State Personnel Approval: _____

Approved by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

For Comptroller's Use Only:

1PAY ____ **STRG** ____ **BATCH** ____ **TAX** ____ **IDED** ____

Processed by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

Verified by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

DO NOT COPY

EXHIBIT 7-7-4
ONE TIME DEDUCTION FORM
FRMS-18

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-18
Revised 05/08

STATE OF ALABAMA
ONE TIME DEDUCTION (1DED)

Complete this form if an employee failed to have a deduction withheld in error or if an employee wants a lump sum deferred compensation amount withheld from their separation pay.

The completed form must be forwarded to the Payroll Section of the Comptroller's Office, Room 282, RSA Union Building, no later than two business days following the previous semi-monthly arrears payday. This form may also be faxed to (334)-242-3905.

Agency Number: ____ ____ ____ Payroll Number: ____ ____ ____ ____

Employee ID: ____ ____ ____ - ____ ____ - ____ ____ ____ ____

Employee Name: _____

Reason for Adjustment: _____

_____

_____

Effective Date for 1DED: ____ ____ / ____ ____ / ____ ____

DEDUCTION
(Enter GHRS deduction codes for Deduction Type and Plan)

Type: _____ **Plan:** _____ **Amount: $** _____

Type: _____ **Plan:** _____ **Amount: $** _____

Type: _____ **Plan:** _____ **Amount: $** _____

Authorized Departmental Approval: _____

Submitted By: _____

Phone #: _____

For Comptroller's Use Only:

1DED ____

Processed by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

Verified by: _____ **Date:** ____ ____ / ____ ____ / ____ ____

DO NOT COPY

7-8 SEICTF PAYMENTS (ON-THE-JOB INJURY)

In accordance with the *Code of Alabama 1975*, §36-29A-1, the State Employee Injury Compensation Trust Fund (SEICTF) program was established to provide compensation for state employees who suffer personal injury as a result of accidents occurring while performing their jobs. The SEICTF program is administered by the Division of Risk Management (DORM) of the Department of Finance and became effective on October 1, 1994.

For more details about the SEICTF program, including: a) program requirements, b) information on how to make a claim, c) dispute resolution procedures, and d) FAQs, see the SEICTF website: http://www.riskmgt.alabama.gov/RM/EmpInjuryComp.aspx.

For information on updating the ESMT in GHRS for injured employees, refer to the State Personnel Procedures Manual.

7-9 SALARY ADJUSTMENTS

A. WARRANT CANCELLATIONS

A warrant is normally cancelled if an error has been made in issuing the warrant (i.e., employee should not have been paid or has been overpaid, etc.). The employee's wages and deductions in GHRS are automatically adjusted when the warrant is cancelled. Warrants are normally cancelled in the same nightly cycle processing as supplemental payrolls. When warrants are cancelled, journal vouchers are passed to AFNS applications and CAS to reverse the accounting entries that were posted when the original warrant was issued. Files are created for non-AFNS agencies. The warrant must be cancelled using form FRMS-53 -- PAYROLL WARRANT/EFT CANCELLATION REQUEST (Exhibit 7-9-1) in a timely manner to ensure that the employee's payroll record is updated prior to issuance of Form W-2 and to ensure that monthly financial reports reflect accurate information.

Warrants cannot be cancelled for an employee who has left state service if a form RSA-7 (Notice of Final Deposit and Request for Refund) has been filed with the Retirement Systems of Alabama. Under these circumstances, the warrant must be receipted into the State Treasury using established procedures for salary overpayment refunds. It will be the agency's responsibility to recover the employee share of retirement from the employee if he has closed his account with the Retirement Systems of Alabama.

Warrants issued in a prior fiscal year and/or calendar year cannot be cancelled and must be receipted into the State Treasury using established procedures for salary overpayment refunds (see section 7-9-C). The following are examples of dates that require treatment as a salary overpayment refund:

a) Current date is September 1, 2010 and warrant is dated in November 2009. The warrant was issued in the current fiscal year but a prior calendar year;

b) Current date is October 15, 2010 and warrant is dated in August 2010. The warrant was issued in the current calendar year but a prior fiscal year (the state's fiscal year begins on October 1st);

c) Current date is November 1, 2010 and warrant is dated in September 2009. The warrant was issued in both a prior calendar year and also a prior fiscal year.

B. EFT CANCELLATIONS

If there is a problem on an employee's EFT transaction, agency personnel must complete form FRMS-53 -- PAYROLL WARRANT/EFT CANCELLATION REQUEST (Exhibit 7-9-1) and contact the Payroll section of the Comptroller's office **immediately**. Comptroller's office personnel will contact the state's clearinghouse bank and request a return of the funds for the employee as soon as we are notified. However, until the money is returned from the employee's financial institution, the EFT transaction cannot be cancelled. Because of the time lag in the return of the funds and the fact that EFT transactions can only be cancelled in supplemental processing, there may be a significant delay in paying the employee with a warrant.

There are only limited circumstances in which the Comptroller's office will request the return of an EFT deposit. They are as follows:

1. An employee has been overpaid and has since left state service;

2. Annual and sick leave separation payments have been made and the agency failed to complete the appropriate paperwork to withhold a lump sum deferred compensation amount;

3. The clearinghouse bank notifies the Comptroller's office after the pre-notification period that either:
   a) an employee's account has been closed, or
   b) the routing/account number is incorrect on the EFT

4. The agency has entered direct deposit information on the wrong employee.

It is the agency's responsibility to ensure that all direct deposit information for an employee is valid. Financial institutions do not verify that the name is matched to the account, but only that the account numbers and routing codes are valid.

EXHIBIT 7-9-1
PAYROLL WARRANT/EFT CANCELLATION REQUEST FORM
FRMS-53

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-53
Revised 06/08

STATE OF ALABAMA
DEPARTMENT OF FINANCE
DIVISION OF CONTROL AND ACCOUNTS
PAYROLL WARRANT/EFT CANCELLATION REQUEST

Agency Code: ____ ____ ____ Agency Name: _____

Warrant/EFT Number: _____

Employee ID: ____ ____ ____-____ ____-____ ____ ____ ____

Employee Name: _____

Net Amount: $_____

Warrant/EFT Date: ____ ____/____ ____/____ ____

Why is warrant or EFT being canceled? _____

_____

_____

Is warrant or EFT being replaced? Yes ____ No ____

Has employee left State service? Yes ____ No ____

Has RSA-7 (Notice of Final Deposit & Request for Refund) been submitted to RSA? Yes ____ No ____

If the RSA-7 has been submitted to Retirement Systems, the warrant cannot be canceled and must be receipted into the State Treasury.

The attached warrant/EFT as listed above is submitted for cancellation.

Authorized Departmental Approval: _____

Submitted By: _____

Phone #: _____

Date: ____ ____/____ ____/____ ____

NOTE: IF CANCELING AN EFT YOU MUST CONTACT COMPTROLLER'S OFFICE PAYROLL FOR APPROVAL. CALL THE GHRS HOTLINE AT 242-2188.

DO NOT COPY

C. SALARY OVERPAYMENT REFUNDS

If an employee has been overpaid and the overpayment is being recovered for a prior calendar year, the agency must recover the gross amount of the overpayment less FICA and Medicare amounts at the rate for the year the overpayment occurred in most instances.

****** PLEASE contact the GHRS Hotline for specific procedures BEFORE collecting the amount due from the employee.******

Additional information concerning prior year overpayments is available under the "Wage Repayments" section of the Internal Revenue Service Publication 15.

If an employee has been overpaid and the overpayment is being recovered in the **same calendar year**, the employee's agency must recover the **net** amount of the overpayment from the employee. **Form FRMS-25 will calculate the net amount to be collected from the employee as well as the IFSH amount to be entered by the agency.** The net will be Gross amount minus FICA/Medicare, state taxes, federal taxes, local taxes and other amounts to third party vendors for which the agency IS GOING TO REQUEST REIMBURSEMENT. Amounts remitted to third party vendors in error must be recovered from either the vendors or the employee to insure the overpayment has been totally refunded.

To determine the net amount of a current year repayment, calculate the gross amount of the overpayment. This could be the gross amount of an entire check or just a portion of the check. Once calculated, go to the CCHK screen in GHRS enter the gross amount of the overpayment only, applicable tax and retirement codes for the employee, health insurance and deferred compensation. This will calculate the correct federal and state taxes and FICA/ Medicare taxes.

Enter the gross amount of the overpayment on form FRMS-25 -- SALARY OVERPAYMENT REFUND (Exhibit 7-9-2). Be sure to include an IFSH Invoice Number on the refund form. Enter the federal and state taxes from the CCHK screen. Compute and enter any local taxes. The FICA and Medicare amounts will compute automatically when the form is complete. Compute and enter the employee and employer share of insurance and retirement **only if the agency will be seeking reimbursement** from the vendor. In addition, enter any other deductions for which the **AGENCY WILL BE** requesting reimbursement from a third party vendor.

Once determined, the agency should collect the net amount from the employee and enter a Cash receipt using the following Account Coding:

Fund	0900	Payroll Fund
Agency	000	Statewide Payroll System
BS Code	9050	Salary Refunds Payable

The amount of the Cash Receipt is the Net amount of the adjustment and should equal the amount in the field labeled "net amount" on form FRMS 25.

Following established procedures, the Agency should enter an IFSH INVOICE IMMEDIATELY using only the following:

PROV code **MUST** be AGCY00000 00
Account coding on the IFSH **MUST** be: Agency's CAS Fund Number
CAS Agency Code
BS Code 9050

NOTE: A separate IFSH transaction is required for the employee and employer's share of Retirement.

Both the Cash Receipt form and the Salary Overpayment Refund form should be sent to the State Treasury, RSA Union, 6th Floor, Room 676. The State Treasury will send both forms to the Receipts Section of the Comptroller's office in the RSA Union, who in turn forwards a copy of the FRMS-25 to the Payroll Section.

Payroll will adjust the affected employee's wage and deduction data to correct year to date balances. They will also create a PV type 2 to reimburse the Agency (IFSH amount).

After receiving confirmation of the Interfund payment from Payroll, the Agency **MUST** enter a JV, to reduce BS 9050, reduce salary expense and reduce the employer's share of FICA. This JV **MUST** pass to CAS so the same adjustments are updated in the statewide accounting system.

It is mandatory that salary overpayment refunds be deposited in a timely manner to ensure the employee's payroll record is accurate prior to the issuance of the Form W-2.

EXHIBIT 7-9-2
SALARY OVERPAYMENT REFUNDS FORM
FRMS-25

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-25
Rev 04/08

STATE OF ALABAMA
DEPARTMENT OF FINANCE
Division of Control and Accounts
Salary Overpayment Refunds

This is a fillable form and will compute net and IFSH total.

INVOICE NUMBER _____
Cannot exceed 11 characters. Use with IFSH Record

Agency Name _____ Agency Code _____

Employee Name _____

Employee ID _____ Warrant Amount _____

Warrant Date _____

Balance Sheet Account **9050**

Warrant Number _____

Gross Amount _____ Check if Prior Calendar Year ☐
If Checked, enter year [illegible] and attached detailed explaination and Empoyee consent. [illegible] for detailed instructions.

Employee Share:

Federal W/H **#1** _____
Enter from CCHK

State W/H **#1** _____
Enter from CCHK

FICA **#1** _____
compute: Gross less Insurance * 6.2%

Medicare **#1** _____
compute: Gross less Insurance * 1.45%

City Occupational Tax **#1** _____

City Tax Code _____

County Occupational Tax **#1** _____

County Tax Code _____

Retirement _____
See instructions for Retirement Refunds

Insurance _____
Enter an amount above only if agency will be requesting a refund.
See instructions for Insurance Refund.

Employer Share:

FICA **#1** _____

Medicare **#1** _____

Retirement _____

Insurance _____

ENTER IFSH INVOICE NUMBER ABOVE

IFSH AMOUNT _____
This is the amount you should enter in the IFSH.
It should be the sum of all items marked #1.

Other Deductions _____
Enter an amount above only if agency will be requesting a refund from the third party vendor.

Net Amount **#1** _____

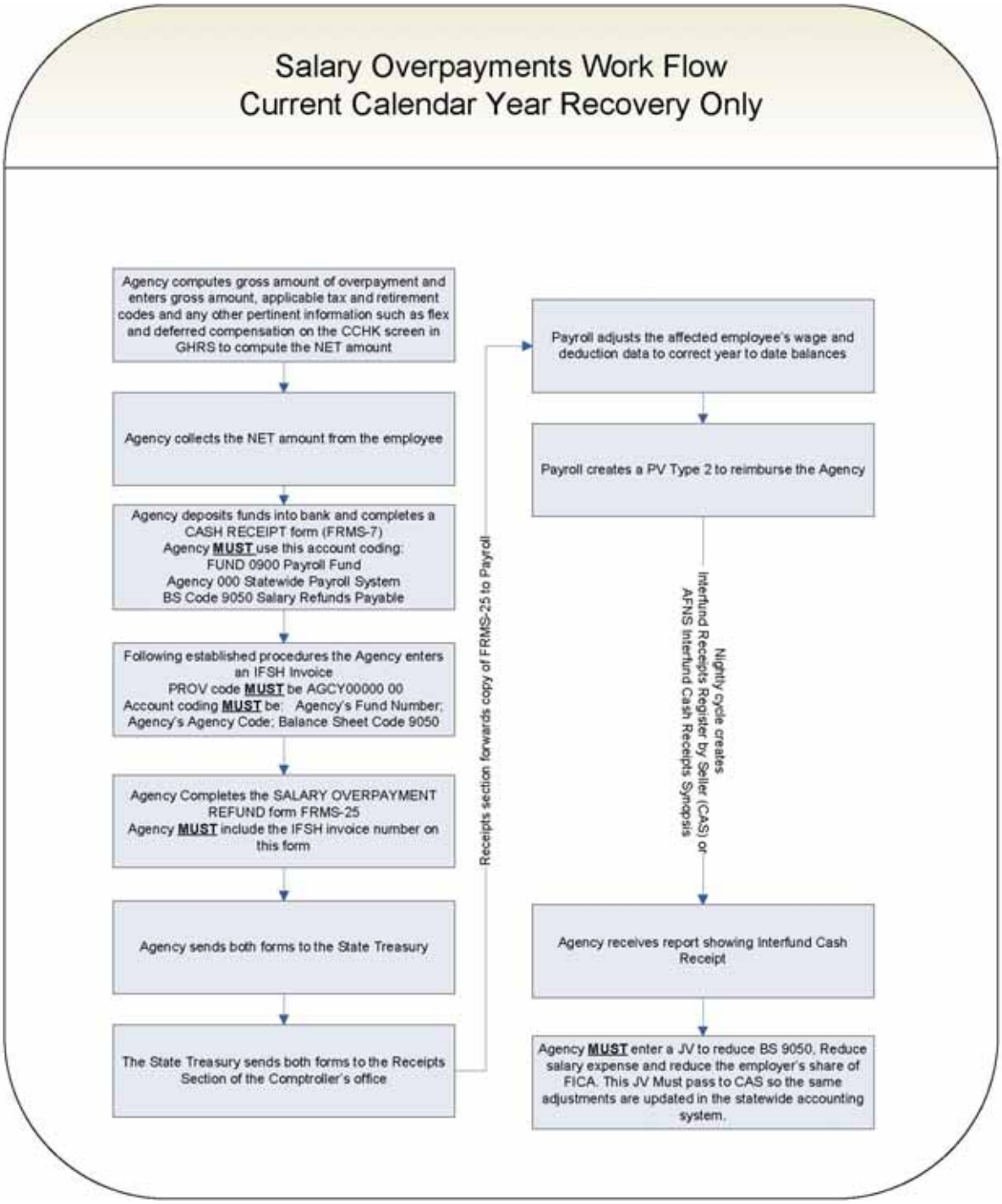
This is to request a refund of the deductions and employer costs itemized above.

Authorized Departmental Approval_____

Date_____ Contact Name and **Phone #** _____

DO NOT COPY

EXHIBIT 7-9-3
CURRENT CALENDAR YEAR
SALARY OVERPAYMENT WORK FLOW



D. REFUNDS FROM STATE EMPLOYEES' INSURANCE BOARD

In order for an employee to receive a refund for premiums paid to the State Employees' Insurance Board (SEIB) in error, the agency must complete SEIB form IB10 and forward to SEIB. (A copy of the Refund Request form can be found on SEIB's website at http://www.alseib.org/Healthinsurance/sehip/forms.aspx.) SEIB will audit the request and forward it to the Comptroller's office. The Comptroller's Office will prepare a journal voucher to transfer the money from SEIB to the agency. A copy of the journal voucher form will be sent to the agency. The refund will be transferred to the agency's default accounting distribution in GHRS. The employee's share of non-flexible benefits will be transferred to balance sheet account number "7941" and the employee's share of the flexible benefit refund will be transferred to balance sheet account number "9051". The amount of the agency's FICA and Medicare employer cost for the flexible benefit refunds will be charged to the default accounting distribution, object/sub-object code of "0200 01".

A payment voucher must be processed to pay the affected employee. This step should clear out any amount in balance sheet accounts "7941" and/or "9051".

Journal voucher transactions must then be entered using the agency's established accounting procedures to reallocate the employer's share that was charged to object/sub-object 0200-01 to the employee's appropriate accounting distribution. These balance sheet accounts are clearing accounts; therefore, unless the amounts are reallocated through a journal voucher transaction, the funds cannot be spent.

See exhibit 7-9-4A for the refund process and exhibit 7-9-5 for an explanation of each of the journal voucher lines. Refer to the AFNS Payroll Insurance Refunds for specific instructions regarding AFNS entries.

In order for an agency to receive a refund for premiums paid to the State Employees' Insurance Board (SEIB) in error, the agency must complete SEIB form IB10 and forward to SEIB. (A copy of the Refund Request form can be found on SEIB's website at http://www.alseib.org/Healthinsurance/sehip/forms.aspx). SEIB will net the refund amount against the next billing. See exhibit 7-9-4B to follow the flow for current year, 13th accounting period and prior year refunds.

EXHIBIT 7-9-4A
SEIB INSURANCE REFUNDS WORK FLOW

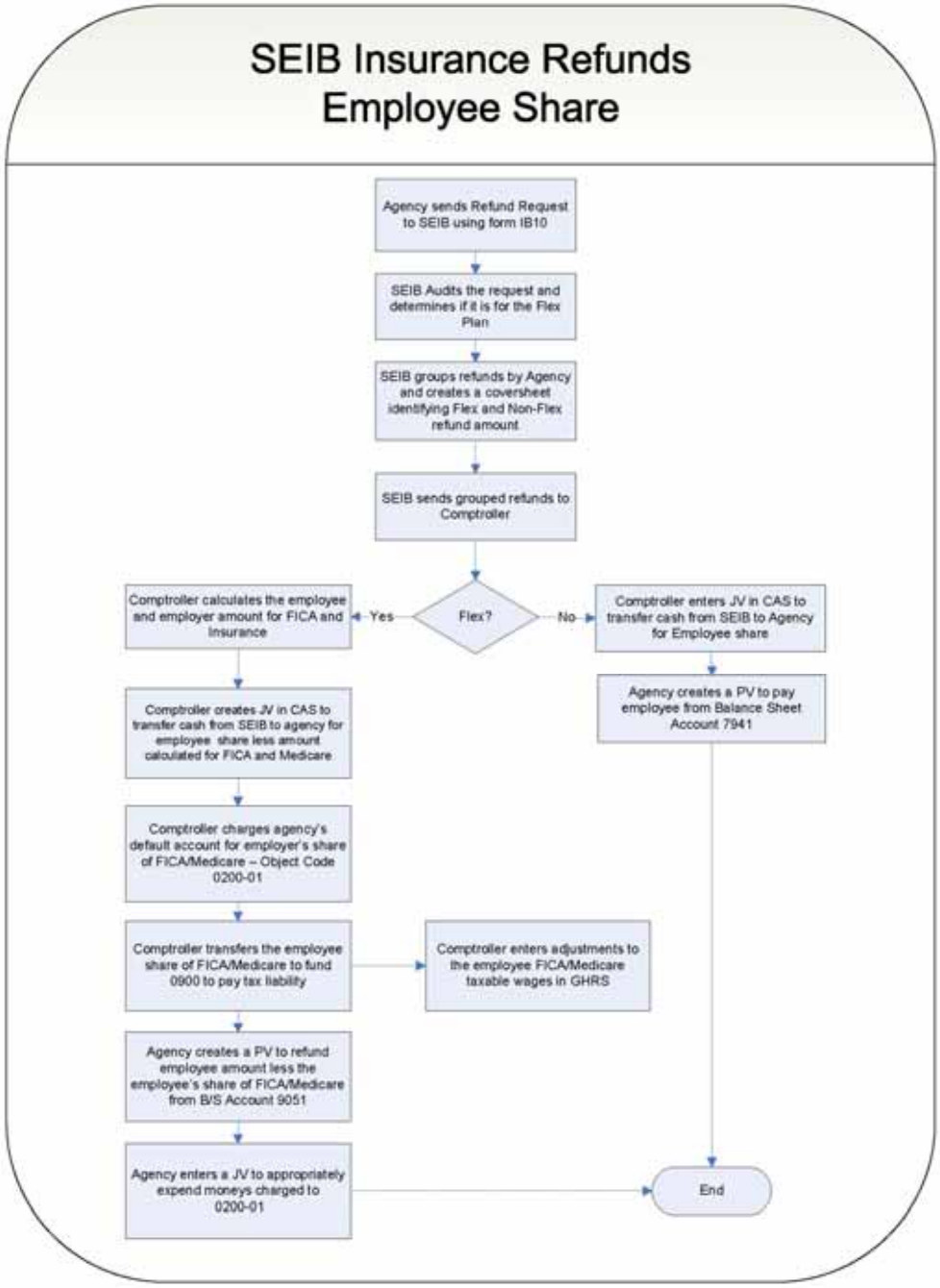


EXHIBIT 7-9-4B
SEIB INSURANCE REFUNDS WORK FLOW

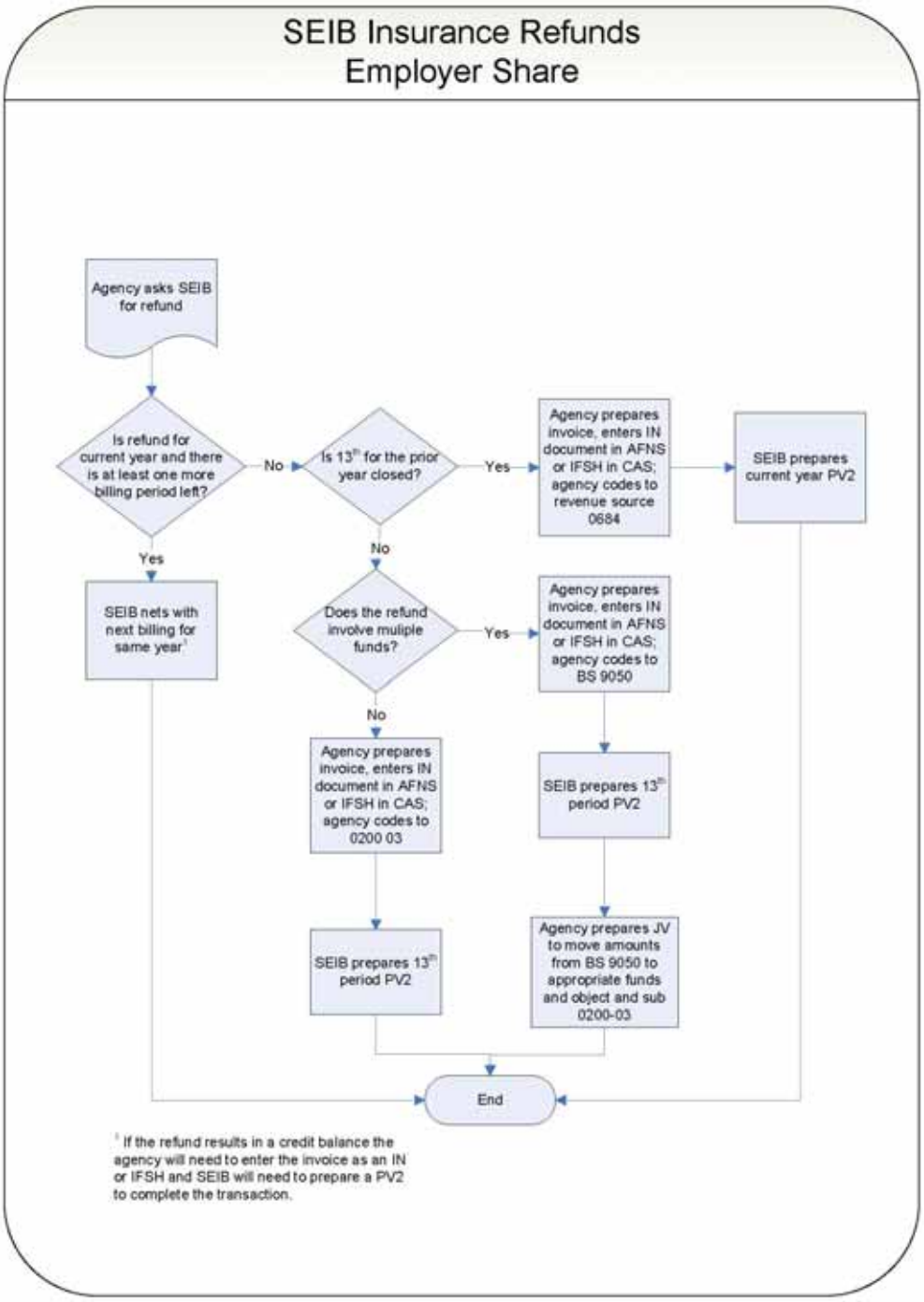


EXHIBIT 7-9-5
SEIB INSURANCE REFUNDS SAMPLE JOURNAL VOUCHER

S:\ghrs\Procedure Manual Updates\[SEIB JV Example.xls]Journal Voucher Form
Form FRMS - 20 Rev 08/90

STATE OF ALABAMA
DEPARTMENT OF FINANCE
State Comptroller
Montgomery, AL 36130

Comptroller will distribute as follows:
White - Comptroller
Yellow - Treasurer
Pink - Auditor
Gold - Department

Journal Voucher Number 000INS — agency # month and day
Batch Number
Date — Date JV is Entered
Accounting Period — only used during the 13th accounting period — Budget Yr

AC TP	FUND	AGCY	ORG	APPR	ACTI-VITY	OBJ REV	SUB O/R	BS ACCT	DESCRIPTION	V / P	VENDOR / PROVIDER	DEBIT AMOUNT	CREDIT AMOUNT
31	0457	310				0745			reduces SEIB's revenue account			will be a debit to revenue	
01	0457	310						1001	Reduces SEIB's Cash Account				will be a credit to SEIB Cash
01	0104	017						1001	Increase's the Agy's cash			will be a debit to agcy cash	
02	0104	017						7941	Non-Flex BS Account amount to be refunded to Employee				will be a credit to agcy BS account
02	0104	017						9051	FLEX BS Account amount to be refunded to employee				will be a credit to agcy BS account
22	0104	017		616	0336	0200	01		Agency's share of FICA/Medi			will be a debit to agency FICA expense	
01	0900	000						1001	Comptroller's Cash			will be a debit to Comptroller cash	
02	0900	000						9903	Comptroller's BS Account for FICA/Medi				will be a crdit to Comptroller FICA BS account
											TOTALS	**0.00**	**0.00**

EXPLANATION: Insurance Refunds from SEIB

Submitted by: Truman E. Hornsby **Audited by:** Truman E. Hornsby

DATE: Date JV is Entered **PHONE:** 242-7080 **DATE AUDITED:** Date JV is Entered

7-10 ELECTRONIC FUNDS TRANSFER

If an employee chooses to have their pay electronically transferred to one account in their financial institution, a direct deposit form must be completed and returned to the agency payroll clerk. Direct deposit forms are normally available at the financial institution or an employee may use form FRMS-15 -- GHRS DIRECT DEPOSIT REQUEST (Exhibit 7-10-1). **It is strongly recommended that the employee have his financial institution verify the information on the completed form.**

Using the information on the completed form, authorized agency personnel should update the EFT screen for the employee in GHRS. During the next payroll cycle, a pre-notification advice will be forwarded to the financial institution identified by the routing number on the EFT screen. The Comptroller's office allows 21 days for the employee's financial institution to review the accuracy of the EFT information and notify the Payroll Section of any errors in that information. Due to this necessary time lag, the employee will have his money electronically transferred on the third payday following the date his EFT screen was updated. If an employee makes any changes to his EFT information (i.e., account number or routing code), the pre-notification process must be completed again.

Employees who have chosen the Electronic Funds Transfer means of receiving pay should be advised that if for any reason they have either closed their account or changed their financial institution, they must notify the appropriate agency personnel in sufficient time to expire the EFT screen before payroll processing. There is a time lag in having the funds returned to the State Treasury, which results in a significant time delay in the employee being paid.

EXHIBIT 7-10-1
DIRECT DEPOSIT REQUEST
FRMS-15

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-15
Rev. 05/08

STATE OF ALABAMA
DIRECT DEPOSIT REQUEST

The State of Alabama is requested to electronically transfer my salary to the financial institution listed below.

Name of Financial Institution: _____

Account Type: **(Check 1 box only)** Checking ☐ (or) Savings ☐

Account Number: _____

Bank Routing Number: _____

_____
Type/Print Employee's Name

_____
Employee's Social Security Number

_____
Employee's HOME Mailing Address (Street)

_____
City, State, and Zip Code of Employee's Home Mailing Address

_____
Employee's Department or Agency

_____ _____
Employee's Home Telephone Number Work Telephone Number

_____ _____
Signature of Employee Date

NOTE: It is strongly recommended that the employee have his financial institution verify the information on the completed form.

DO NOT COPY

7-11 PAYROLL DEDUCTIONS

A. STATUTORY AUTHORITY

As authorized under *Code of Alabama 1975,* §36-1-4.3:

> "The State Comptroller shall adopt statewide policies which provide for deductions from the salaries of state employees or groups of state employees whenever a request is presented to the State Comptroller by a group of participating state employees equal in number to at least 200 provided, however, that deductions being made as of April 23, 1985, shall continue to be made. The deductions shall be made at least monthly and shall be remitted to the appropriate company, association, or organization as specified by the employees. The deductions may be made for membership dues, voluntary contributions, and insurance premiums. Any deduction provided under the provisions of this section may be terminated upon two months' notice in writing by a state employee to the appropriate company, association, or organization and to the appropriate payroll clerk or other appropriate officials as specified by the State Comptroller.
>
> The State Comptroller may, at his discretion, collect from the deductions withheld a cost of administration fee not to exceed one percent of the total deduction collected."

A 1% administration fee is deducted from collections made before monies are sent to respective companies.

B. EMPLOYEE DEDUCTIONS

If an employee wishes to have voluntary deductions withheld from his salary, it is recommended that the employee provide written authorization to the agency payroll clerk. New deductions are added for an employee on the Miscellaneous screen (MISC) in GHRS. All authorized deductions can be found on the Deduction Plan table (DPLN) in GHRS. A list of approved insurance companies for voluntary insurance deductions is provided on our website at www.comptroller.alabama.gov .

In accordance with *Code of Alabama 1975*, §36-1-4.4, requirements for dues and contributions to employee organizations are set forth as follows:

1. All membership dues for employee organizations shall be annual memberships.

2. The annual membership period is established as August 1 of the year through July 31 of the subsequent year.

3. Once an employee becomes a member of an employee organization, he/she cannot terminate that membership (i.e., stop payroll deductions) except during the last 10 days in July. This revocation must be in writing to the appropriate payroll clerk in the employee's department.

4. Any employee who elects to make a voluntary contribution to an employee organization can terminate that voluntary contribution by providing written notice 30 days in advance to the appropriate payroll clerk in the employee's department.

5. Any employee may initiate a new authorization for deduction of either dues or voluntary contributions on a monthly basis during the year, but once the deduction commences, Sections 3 and 4 apply regarding termination.

6. If an employee terminates service with the State for any reason, the deduction will terminate with the last salary payment.

7. If after an approved leave of absence or other temporary leave, an employee returns to employment with the State, deductions for dues and/or voluntary contributions will commence unless specifically revoked by the employee prior to reemployment.

Agency personnel should not enter any changes using the codes of HLTHE, HLTHC, DPCRE, HLCRE, PRETX or PSTTX. These changes are initiated by either SEIB or the state's third party administrator ERISA.

C. DEDUCTION FREQUENCIES

For employees paid on a semi-monthly basis, either current or in arrears, the following deductions will be taken every payday: federal and state taxes, retirement contributions, liens, flexible spending account deductions, deferred compensation, child support, bankruptcies, and liens. On the payday which is normally paid on the 1st of the month or the 1st payday of the month, the following deductions will be taken for these employees: credit union, charitable contributions, dues, parking fees, and savings bonds. On the payday that is normally paid on the 16th of the month or the last payday of the month, the following deductions will be taken for these employees: voluntary insurance and state health insurance.

D. FLEXIBLE EMPLOYEES' BENEFITS PLAN (FLEX)

Flexible Employees' Benefits are available to the employees of the State of Alabama pursuant to *Code of Alabama, Section 36-29-20 through 30* as last amended and Internal Revenue Code of 1986, Sections 105, 125, and 129. The IRS regulations enable employees to pay premiums and pay for dependent care expenses with payroll deductions before state and federal taxes are applied. Strict rules govern the administration of the program because of the tax-favored status accorded to such benefits.

Complete detailed information about the Flexible Employee's Benefit plan can be found at:
http://www.alseib.org/HealthInsurance/flex

The Flexible Employees' Benefits Board is located in the offices of the State Employees Insurance Board at 201 South Union Street, Suite 200; Montgomery, AL 36104. The mailing address is: P.O. Box 304900; Montgomery, AL 36130-4900. The local telephone number is 334-263-8341 or call toll-free: 1-866-836-9737. Faxes may be sent to: 334-263-8541.

E. COURT ORDERED LIENS

The term "garnishment" broadly refers to any court/legal ordered deduction. At this time, the Comptroller handles garnishments for debt, taxes, child support, and restitution. All child support, garnishment, bankruptcy, and levy deductions are entered into GHRS by the Garnishment Administration section of the Payroll Division in the Comptroller's office. Deductions for garnishments, child support, bankruptcies, and tax levies are withheld from each paycheck.

In order to be honored, garnishment and child support orders must be served directly on the State Comptroller, GHRS, Suite 282, PO Box 302602, Montgomery, AL 36104. **Under no circumstances should an agency accept service of the *garnishee's or employer's copy* of a formal court order.** However, an agency may allow an employee to be served with the *employee's copy* of a court order while on duty.

Once the Comptroller has been properly served, the order is reviewed for compliance with the law and the employee's payroll records are reviewed. If withholding can begin, a letter is issued to the agency's payroll clerk with a copy to the employee. This letter describes the beginning date and the amount of the deduction.

The amount of a child support or garnishment deduction is calculated based on federal and/or state statutes. Therefore, as requested in the letter, the Comptroller must be notified **immediately** of any changes in wages or employment. If the employee has any questions about the deduction, the employee should contact the plaintiff or issuing agency to resolve the discrepancy.

F. COMPLIANCE

In order to help the Comptroller's Office comply with the law, agencies must notify the Garnishment Administration section if any of the following takes place on an employee:

1. Employee status changes;

2. Payroll/personnel changes that affect the amount of net pay an employee will receive either temporarily or permanently, such as

    a. An employee's tax codes changing,

    b. An employee receiving termination leave or lump sum back-pay payments,

    c. An employee's salary warrant being cancelled, or

    d. An employee being promoted or demoted, changing from temporary to permanent, or changing from hourly to salaried.

It is important that the Comptroller's office receives immediate notification as soon as the agency is notified that changes will take place to ensure that we are in full compliance with the law.

G. RECOVERY PROCEDURES FOR MONEYS REMITTED IN ERROR

If money has been remitted to the courts for garnishment, levies, child support payments or bankruptcies, and the warrant for the employee is cancelled after the remittance, the Comptroller's Office will not be responsible for collecting the money from the employee to reimburse the state. Cancellation of the warrant does not result in automatic recovery of funds already transmitted to the courts.

If the money has been remitted and the employee has terminated with no chance of recovery, the Comptroller's Office will contact the appropriate agency (i.e., Courts, DHR, IRS, etc.) to which the remittance was made and request a refund. If the agency has not forwarded the money to the plaintiff or obligor, the agency will refund the money to the Comptroller's Office. The refunded amount will be receipted into the State Treasury into the appropriate balance sheet account.

If the agency to which the remittance was made has forwarded the moneys collected to the plaintiff or obligor, a manual JV will be processed to recover the money from the state agency in which the employee worked. At this point, it becomes the agency's responsibility to recover said money from its former employee.

7-12 PAYROLL ACCOUNTING

In GHRS, the accounting information for each employee is entered on the Agency Specific (AGYS) screen. Accounting information can be recorded in the following methods:

Option 1 If an employee's pay and fringes are charged to one accounting distribution, the Labor Distribution Override Option is coded with an "A". The AFNS or agency's account coding (i.e., fund, agency, organization, etc.) is entered above the dotted line which appears on the AGYS screen. This distribution, in conjunction with the employee's home agency (CAS) code, the effective date on the AGYS and the fiscal year for the payroll period being processed, will edit against the Crosswalk (XWLK) table in CAS before the AGYS can be updated.

Option 2 If an employee's pay and fringes are charged to multiple accounting distributions, a Labor Distribution Profile code (LDPR) can be established. Once established, these profile codes may be referenced on an employee's AGYS screen by entering a "P" in the Labor Distribution Override Option field and the appropriate code in the Labor Distribution Profile Code field. A single labor distribution profile code can be used for many employees.

If Option 1 is used, the inferred CAS codes for fund, agency, organization and sub-organization, activity, and appropriation will be displayed when the screen is updated or scanned. If Option 2 is used, the departmental and CAS accounting distribution are displayed on the LDPR screen for the appropriate profile code.

Since GHRS does not require a completed AGYS screen before an employee can be paid, it is possible for an employee to not have valid accounting information at the point he is paid. Therefore, each agency must have a default labor distribution profile code established in GHRS. The system will charge an employee's pay and fringe benefits to this default code if a valid accounting distribution is not found.

NOTE: Although it is mandatory that the default accounting codes are valid in CAS, it is recommended that the agency's accounting distribution be **invalid** in the departmental accounting systems. If the default accounting distribution is invalid, AFNS journal vouchers will reject notifying agency personnel of a problem with an employee's accounting distribution. Normally, this situation will occur if an employee is newly hired and his AGYS screen is not entered before gross-to-net processing or if a XWLK entry has been inactivated. If the problem employee cannot be identified, contact the GHRS hotline for assistance. The employee's AGYS screen must be updated correctly and a correcting journal voucher must be processed in CAS. The rejected AFNS journal voucher, which includes both pay and fringe benefits in a single amount, must be corrected accordingly.

While agency personnel may enter override object and/or sub-object codes, the override **will not** be used on the journal vouchers prepared for CAS and AFNS. The object and sub-object codes are obtained from the pay type as shown on the Event (EVNT) table in GHRS.

A. CAS JOURNAL VOUCHERS

CAS journal vouchers are produced during the gross-to-net payroll process. Regular gross pay and fringe benefit payments are separated into two journal vouchers. One journal voucher will record gross pay and liabilities for amounts withheld from the employees' warrants and the second journal voucher will record fringe benefit payments and the associated liabilities. All liabilities for amounts withheld from employees' pay and for fringe benefit payments to be made by the state on behalf of the employees are recorded in a clearing fund, Fund 0900.

The numbering convention for payroll journal vouchers in CAS is as follows:

JV 999 SAR01187001.

JV	--Type of transaction (journal voucher)
999	--CAS agency code
SA	--Payroll cycle -semi-monthly arrears (May also be SM for semi-monthly current, LG or BW for biweekly, or MO for monthly.)
R	--Type of run - regular (may also be S for supplemental run or N for warrant cancellation run)
01187	--Run number - Each gross-to-net process is identified by a unique number
001	--Sequential number used in loading JV's to CAS

For information on how to convert the CAS JV number to the corresponding AFNS journal voucher, contact the AFNS hotline.

CAS will not accept the journal vouchers unless sufficient cash and budget authority are available in the fund(s) being charged for the labor expenditures. Warrants/advices will not be released to the agency if the JV fails to process. It is the agency's responsibility to assure that there is sufficient cash and budget authority **BEFORE** payroll is processed.

B. AFNS JOURNAL VOUCHERS

AFNS journal vouchers are produced using the XPAYD file generated during the gross-to-net process. This file is also used by non-AMS agencies to format journal vouchers to post to their departmental accounting systems. Both gross pay and fringe benefit details are included in this file for each employee. The CAS agency code is also in this file and is used for sorting purposes, since each AFNS application and non-AMS user may use agency specific codes for departments or divisions within the overall agency.

For each payroll cycle, one AFNS journal voucher is created for gross pay **and** fringe benefits for each fund, agency, organization and sub-organization. All AFNS journal vouchers will use an account of 1005, Cash, as the offset or balancing entry on each journal voucher.

The AFNS journal vouchers prepared by GHRS will have the gross-to-net run type and run number in the comments' section of the JV header. "PAYROLL RECORD" is denoted in the line description field of the journal voucher.

7-13 LEAVE

A. ANNUAL LEAVE

In accordance with *Code of Alabama 1975*, §36-26-35, employees in permanent positions, including provisional appointees, earn annual leave based on the employee's total service time. Permanent full-time and part-time employees must be in pay status 80% of their work schedule in order to accrue leave. Annual leave is earned on the basis of semi-monthly pay periods. This leave is accumulated according to the following schedule:

EMPLOYEE'S TOTAL SERVICE	ACCUMULATED LEAVE PER PAY PERIOD	ANNUAL ACCUMULATION
Fewer than 5 years	4 hours 20 minutes	13 days
5 but less than 10 years	5 hours 25 minutes	16 days 2 hours
10 but less than 15 years	6 hours 30 minutes	19 days 4 hours
15 but less than 20 years	7 hours 35 minutes	22 days 6 hours
20 but less than 25 years	8 hours 40 minutes	26 days
25 or more years	9 hours 45 minutes	29 days 2 hours

Permanent part-time employees earn leave on a prorated basis equal to the percentage of time worked.

Normally no more than 60 days of accumulated annual leave may be carried over beyond the end of any calendar year. In accordance with the State Personnel Department rules and regulations, upon separation from state service, employees are paid for the actual number of hours of annual leave accumulated, up to a maximum of 480 hours, with the amount being computed at the hourly pay (annual salary / 2080 hours) at the time of separation multiplied by the number of hours annual leave accumulated.

EFFECTIVE AUGUST 1, 1997, ANY LAW ENFORCEMENT OFFICER IN THE DEPARTMENT OF PUBLIC SAFETY IS ENTITLED TO RECEIVE PAYMENT FOR ANY ACCRUED AND UNUSED ANNUAL LEAVE DAYS IN EXCESS OF 60 DAYS, UP TO A MAXIMUM OF 10 DAYS A YEAR. PAYMENT SHALL BE CALCULATED AT THE OFFICER'S REGULAR RATE OF PAY (annual salary / 2080 hours) AT THE TIME OF PAYMENT.

B. SICK LEAVE

In accordance with the State Personnel Department rules and regulations, full-time permanent employees may earn four hours and twenty minutes of sick leave for each semi-monthly period of service. Normally unused sick leave may accumulate to a maximum of 150 days or 1200 hours. However, if an employee suffers an extended illness or disability lasting more than 150 days, the State Personnel Board may, on the recommendation of the employee's appointing authority, approve restoration and use of any sick leave earned and recorded in excess of this maximum. In accordance with *Code of Alabama 1975, §36-26-36,* an employee is entitled to be paid for 50% of their accumulated sick leave up to a maximum payment for 600 hours at the time of his retirement or convert 100% for service credit time for retirement purposes. For additional information concerning regulations governing leave, consult the Personnel Procedures Manual.

C. FAMILY MEDICAL LEAVE

The Family and Medical Leave Act (FMLA) was enacted into law on February 5, 1993 and was effective August 5, 1993. In general, FMLA entitles qualified employees (i.e., employees who have been employed for at least 1250 hours during the previous 12 months) 12 weeks of paid or unpaid leave per year for certain events. The covered events are as follows: the birth or adoption of a child, to care for a spouse or an immediate family member with a serious health condition, or if the employee is unable to work because of a serious health condition. The State of Alabama is required to maintain any pre-existing health coverage (employer share of health insurance) during the leave period and, once the leave period is concluded, to reinstate the employee to the same or an equivalent job.

FLMA was expanded on January 28, 2008 with the signing of the National Defense Authorization Act (NDAA). Specifically, an eligible employee who is the spouse, child, parent, or “next of kin” of a “covered service member” can take up to 26 weeks of job-protected leave in a “single 12 month period” to (1) care for a family member injured during military service and (2) to handle “exigencies” related to immediate family member’s military service.

To determine if an employee is eligible for FMLA coverage when leave is taken for a qualifying event, agency personnel should complete form FRMS-62 -- FAMILY MEDICAL LEAVE REPORT REQUEST (Exhibit 7-13-1), and forwarded to the Comptroller's Payroll section. The form is used to request the following reports:

1. **Family Medical Leave Act Eligibility Report** -- This report will verify that the employee has worked for 1250 hours during the previous 12 months if he is permanent or if a temporary employee extended beyond one year.

2. **Family Medical Leave Act Usage Report** -- This report will show the total hours the employee has taken of FMLA by date for the 12-month period measured backward from the date an employee needs leave that qualifies under FMLA.

Employees who are in active pay status while on FMLA (i.e., using annual or sick leave) will continue to have dependent health insurance premiums paid through the GHRS payroll/personnel system by the State Comptroller.

Employees on FMLA who are <u>not</u> in pay status (i.e., on family medical leave without pay) will have only the employer's share of health insurance premiums paid through the GHRS payroll/personnel system. Those employees, who are not in pay status when dependent health insurance premiums are deducted, will be responsible for paying their dependent premiums directly to the State Employees' Insurance Board if they wish to continue the health insurance coverage for their dependents.

D. PERSONAL LEAVE DAY

In accordance with *Code of Alabama 1975*, §1-3-8, all state employees except those employed in Baldwin and Mobile Counties are entitled to a personal leave day in lieu of the Mardi Gras holiday. The personal leave day is granted to employees who are employed on <u>January 1</u> of each year.

On January 1 each year, GHRS will generate an accrual of 8 hours to all full-time employees with an event date of January 1, 20XX. Part-time employees who are 50% or 75% will receive an automated accrual of 4 hours and 6 hours respectively. For all other employees eligible for the day, each agency must accrue their leave manually. Personal leave days must be used by the end of the calendar year or the reason must be justified in writing to the director of State Personnel. If not used, the employee will be entitled to receive pay for the personal leave day.

EXHIBIT 7-13-1
FAMILY MEDICAL LEAVE REPORT REQUEST
FRMS-62

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-62
Rev 06/08

Family Medical Leave Report Request

Agency #: _____

Agency Name: _____

Employee ID: _____

Employee Name: _____

Person Requesting Report: _____

Please check which report you are requesting and complete the additional information for each report requested.

DO NOT COPY

_____ **ELIGIBILITY REPORT REQUEST**

Date Employee First Requested FMLA Related Leave: _____
(Report generated for FLSA "N" or "M" employees) MM/DD/YYYY

_____ **USAGE REPORT REQUEST**

Date from which to show the total hours
the employee has taken of FMLA by date
for the 12-month period measured backward:

DATE:_____
MM/DD/YYYY

Mail, Fax or E-Mail to:
Attention: Lisa Chadwick
GHRS; Room 282, RSA Union Building; Montgomery, AL 36130-2602;
Hand Mail: 2602
E-mail: StanjaBond@Comptroller.alabama.gov
cc: Jerry.Turner@comptroller.alabama.gov
Fax: 242-3905.

If you need additional information, call 242-2188.

E. ACCOUNTING DISTRIBUTION FOR LEAVE EVENTS

When an employee uses leave, the time paid will be charged to the employee's original accounting distribution unless an accounting override is entered on the employee's document. However, each leave event creates a pay event that has a unique sub-object assigned to it. The following table reflects this information:

DESCRIPTION	LEAVE EVENT	PAY EVENT	OBJ/SUB-OBJ
Used Annual Leave	UANNL	PANNL	0100/22
Used Excess Annual Leave (Troopers)	SPSAA	TPSAA	0100/22
Used Annual (FMLA)	UANNF	PANNL	0100/22
Used Comp Time	UCOMP	PCOMP	0100/18
Used Comp (FMLA)	UCOMF	PCOMP	0100/18
Liquidation of Comp	SCOMA	TCOMA	0100/32
Used Jury Duty	UCORT	PCORT	0100/25
Used Holiday Bank	UHLDY	PHLDY	0100/24
Used Holiday (FMLA)	UHLDF	PHLDY	0100/24
Used State Military	UMILS	PMILS	0100/19
Used Military Leave	UMLTY	PMLTY	0100/19
Used Personal Leave Day	UPLDY	PPLDY	0100/04
Used Personal Leave Day – FMLA	UPLDF	PPLDY	0100/04
Used Sick Leave	USICK	PSICK	0100/12
Used Sick (FMLA)	USCKF	PSICK	0100/12
Used Personal Leave Day – DYS	UYSPL	PYSPL	0100/04
Used Personal Leave Day - DYS (FMLA)	UYSPF	PYSPL	0100/04
Used Sick Leave – DYS	UYSSK	PYSSK	0100/12
Used Sick Leave - DYS (FMLA)	UYSSF	PYSSK	0100/12
Used Bereavement Leave	UBVSK	PBVSK	0100/12

7-14 DECEASED EMPLOYEES

Generally, payments received by an employee for services and accrued annual and sick pay are taxable in the calendar year in which they are received. However, there are special circumstances if these payments are received after an employee is deceased.

In accordance with *Code of Alabama 1975*, § 36-26-36, effective May 21, 1996, the estate of an employee in the classified service who dies while in active service to the state will receive payment for 50% of accrued but unused sick leave, not to exceed 50% of 1200 hours. The employee's estate will also receive payment for all accrued but unused annual leave, not to exceed 480 hours. The table below shows the leave events that must be entered in GHRS and the corresponding Pay Event and the object and sub-object which is charged.

DESCRIPTION	LEAVE EVENT	PAY EVENT	OBJ/SUB-OBJ
Separation / Death Annual Leave	SDANL	TDANL	0100/09
Separation / Death Comp. Time	SDCOM	TDCOM	0100/09
Separation / Death Holiday Pay	SDHLD	TDHLD	0100/09
Separation / Death Personal Leave Day	SDPLD	TDPLD	0100/09
Separation / Death Sick Leave	SDSCK	TDSCK	0100/17

If these payments are due and payable in the same calendar year as the employee's death, the payments are subject to FICA and Medicare but are not subject to state and federal withholding taxes. The payroll warrant(s) will be issued in the deceased employee's name and should only be released to the individual who is legally authorized to receive the warrant on behalf of the deceased employee. The leave payments will be reported on the employee's Form W-2.

If an employee is deceased and these payments are due and payable in the calendar year following his death, the payments are not subject to FICA, Medicare, federal or state withholding taxes. **The employee's FICA class should be changed to "N".**

7-15 IRS FORMS W-2

A. POLICY

The State of Alabama, in recognition of its responsibility to be in full compliance with all Social Security Administration (SSA), Internal Revenue Service (IRS) and Alabama Department of Revenue (ADOR) rules and regulations, maintains the following policies and procedures to ensure conformity in the issuance of the IRS Form W-2 Wage and Tax Statement (Exhibit 7-15-1). All steps necessary to ensure due diligence and minimize errors will be taken. The following are the Form W-2 requirements, the procedures to be followed in their implementation and examples of the forms.

B. REPORTING REQUIREMENTS

Each year, the State of Alabama must furnish to each employee, who has received wages subject to federal withholding taxes, a Form W-2 Wage and Tax Statement. The statements, which are also used to report the amount of FICA and state withholding taxes, must be furnished to all employees no later than January 31st of the year following the year in which the wages were received.

The statements must contain the employer's name, address, and identification number (State of Alabama Federal Identification Number 63-6000619) and the employee's name, address, and social security number. It must also contain the total amount of wages, tips, and other compensation, the amount of federal income tax withheld, the amount of Medicare and Social Security taxes withheld, and the amount of Alabama income tax withheld. The Form W-2 must also contain all other items as defined by the Internal Revenue Service and the Social Security Administration for each reporting year.

C. REPORTABLE WAGES, TIPS, AND OTHER COMPENSATION

1. TOTAL WAGES

Wages subject to federal withholding taxes paid to an employee are reflected in Box 1 on Form W-2.

2. VALUE OF PERSONAL USE OF STATE OWNED/LEASED VEHICLES

Employees who drive a state owned or leased vehicle are assessed a charge of $3 a day for each day the vehicle was used for commuting purposes. This information is reported to the Comptroller's Office on the Commuting Use of State Owned/Leased Vehicles form (Exhibit 7-15-2). The assessment period covers the period of November 1st through October 31st of the reportable year. Control employees (i.e., elected officials or employees whose compensation equals or exceeds $145,700.00 annually in 2010) must use one of the following options. The first option is the annual lease value rule and the second option is the vehicle cents-per-mile valuation rule (50 cents per mile for 2010). For more information on control employees reporting requirements, contact the Payroll Section of the Comptroller's Office. The calculated amount of this fringe benefit is reportable for W-2 purposes as federal taxable wages, state taxable wages, and FICA/Medicare covered wages. The amount is reflected in box 14 on the W-2 under the heading of "CAR USAGE." This amount is shown on the Form W-2 for information purposes <u>only</u>. The amount has been used in the calculation of Box 1, 3, 5 and 16.

3. VALUE OF PERSONAL USE OF STATE OWNED/LEASED AIRCRAFT

The State of Alabama has opted to use the non-commercial flight valuation rule, as we have both control and non-control employees who may use state provided aircraft.

The noncommercial flight valuation rule applies the aircraft valuation formula as detailed in IRS Regulation 1.61-21(g) (5) to calculate the value of a flight that is for primarily personal reasons. The total calculated amount is reportable for W-2 purposes as federal taxable wages, state taxable wages, and FICA/Medicare covered wages.

4. GROUP-TERM LIFE INSURANCE

The imputed value of group-term life insurance provided for employees through Retirement Systems of Alabama to the extent the coverage exceeds $50,000 is reportable for W-2 purposes as federal taxable wages, state taxable wages, and FICA/Medicare covered wages. The amount is reflected on Form W-2 in Box 12a Code **C**. This amount is shown on the Form W-2 for informational purposes only. The amount has been used in the calculation of Box 1, 3, 5 and 16.

5. MILEAGE EXPENSE REIMBURSEMENT

The State of Alabama's current mileage rate is 50 cents effective January 1, 2010. Since the amount is equal to the federal standard mileage rate, the amount of compensation for mileage reimbursement is not reportable for W-2 purposes.

6. PER DIEM ALLOWANCE

The lowest federal maximum per diem rate for any area in Alabama is $80.00. Therefore, the state's maximum overnight per diem allowance of $75.00 is deemed substantiated and is not subject to FICA/Medicare taxes, federal withholding taxes, or state withholding taxes and not reportable for W-2 purposes.

The non-overnight per diem (meal allowance) which is 15% of the overnight per diem allowance for trips of six to twelve hours and 40% of the overnight per diem for trips in excess of twelve hours **is** subject to federal withholding taxes and is included in Box 1 of Form W-2.

7. TIP ALLOCATIONS

The Department of Conservation operates six state lodges in Alabama. All employees receiving tips in these lodges have 8% of their total sales reported as taxable tips. Conservation collects FICA, Medicare and federal withholding taxes from the employees based on the total amount of calculated tips. These taxes are deposited into the State Treasury. The total amount of tips, FICA and Medicare taxes, and federal W/H taxes for each employee is reported to the Comptroller's office at calendar year end and added to the year-to-date totals for the employees. Tip allocations are reportable for W-2 purposes as federal taxable wages, state taxable wages, and Social Security/Medicare covered wages.

D. OTHER REPORTABLE ITEMS

1. ADVANCED EARNED INCOME CREDIT

State employees who earn less than $35,535 ($40,545 married filing jointly) annually in 2010 and who have one or more qualifying children are eligible for Advanced Earned Income. These payments are reflected on the employee's W-2 as a separate item in **Box 9**. The advance payments do not constitute the payment of compensation and should not be treated as a reduction of withholding or an increase in compensation. See section 7-3 # 8.

2. DEFERRED COMPENSATION

Internal Revenue Code Section 457 is the statutory authority for the State of Alabama's deferred compensation plans. There are two eligible deferred compensation plans for state employees. "RSA1" is a deferred compensation plan administered by the Retirement Systems of Alabama, in accordance with *Code of Alabama 1975*, § 36-274.1 and Great West. Contributions made by state employees to these plans are excluded from federal and state taxable wages and are reflected in total in **Box 12 Code G.** This amount is shown on the Form W-2 for informational purposes only. The amount has been used in the calculation of Box 1 and 16. In accordance with *§ 40-18-14, Code of Alabama 1975,* **effective January 1, 1997**, all contributions made to the deferred compensation plans will "receive the same tax deferred treatment for state income tax purposes".

3. FLEXIBLE EMPLOYEES' BENEFIT PLAN PAYMENTS

The amount withheld from employees' pay for insurance deductions covered under the Flexible Employees Benefit Plan are excluded from federal, state, and social security taxable wages and is reflected on the Form W-2 in **Box 14** under the heading of "HEALTH INS EXEMPT." Amounts withheld from employees' pay for Health Care Reimbursement is reported on the Form W-2 in Box 14 under the heading of "HEALTH CARE". Amounts withheld from employees' pay under the Dependent Care Reimbursement Account, are excluded from federal, state, and social security taxable wages, and are reflected on the Form W-2 in **Box 10**. The amount has been used in the calculation of Box 1, 3, 5 and 16.

4. DEFERRED RETIREMENT

The amount deducted from state employees' pay for contributions to the state's retirement plan is excluded from federal taxes and is reflected on the Form W-2 in **Box 14** under the heading of "DEF RET 414H." This amount is shown on Form W-2 for informational purposes only. The amount has been used in the calculation of **Box 1**.

E. DUPLICATE W-2'S

The Comptroller's office furnishes each agency with an Employee Earnings Report that shows all wage and tax information that was reported to the Internal Revenue Service for the agency's employees. This listing must be used for wage verification purposes.

For tax years prior to the most current taxable year, informational statements will be furnished based on written justification from the employee that the Form W-2 has either been lost or destroyed. This justification should be routed through the agency to ensure the employee's W-2 has not been returned to the agency for some reason. For the current taxable year, a duplicate Form W-2 will be furnished to the employee based on written justification until April 30 of the current year. Beginning May 1, this information will be furnished on an informational statement. Form FRMS-63 -- REQUEST FOR DUPLICATE/INFORMATIONAL W-2 (Exhibit 7-15-4) may be used to request this information. Allow 2 weeks for Duplicate W-2's to be delivered.

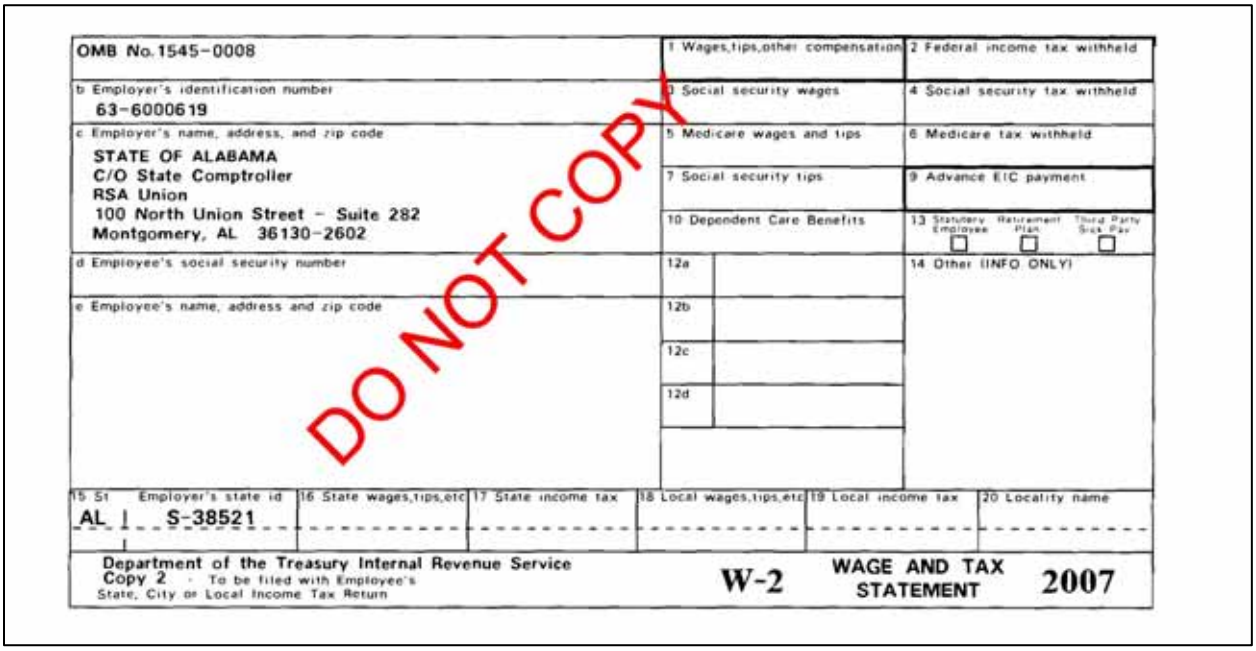
If a duplicate Form W-2 is requested on behalf of an employee who is deceased, the employing agency at the time of death must furnish the Comptroller's office a request certifying that there is no known pending litigation involving the deceased employee. It is the agency's responsibility to ensure the Form W-2 is released to a legally authorized individual.

F. CORRECTED W-2'S

If an error has occurred in the processing of an employee's Form W-2 for the current taxable year, the employing agency may request IRS Form W-2C -- Corrected Wage and Tax Statement (Exhibit 7-15-3). Authorized agency personnel must provide a written explanation supported by appropriate documentation, such as copies of incorrectly coded vouchers or refunds of salary overpayments, **with the employee's original Form W-2** to the Comptroller's office in a timely manner.

The Payroll section of the Comptroller's office will verify the documentation and issue a Form W-2C, which is an amended copy of the Form W-2. The Form W-2C and the employee's original Form W-2 will be returned to the agency. **The employee must submit copies of both forms with his tax return.**

EXHIBIT 7-15-1
WAGE AND TAX STATEMENT
IRS FORM W-2



OMB No. 1545-0008	1 Wages, tips, other compensation	2 Federal income tax withheld
b Employer's identification number 63-6000619	3 Social security wages	4 Social security tax withheld
c Employer's name, address, and zip code STATE OF ALABAMA C/O State Comptroller RSA Union 100 North Union Street - Suite 282 Montgomery, AL 36130-2602	5 Medicare wages and tips	6 Medicare tax withheld
	7 Social security tips	9 Advance EIC payment
	10 Dependent Care Benefits	13 Statutory Employee ☐ Retirement Plan ☐ Third Party Sick Pay ☐
d Employee's social security number	12a	14 Other (INFO ONLY)
e Employee's name, address and zip code	12b	
	12c	
	12d	

15 St Employer's state id	16 State wages, tips, etc	17 State income tax	18 Local wages, tips, etc	19 Local income tax	20 Locality name
AL S-38521					

Department of the Treasury Internal Revenue Service
Copy 2 - To be filed with Employee's State, City or Local Income Tax Return

W-2 WAGE AND TAX STATEMENT 2007

DO NOT COPY

EXHIBIT 7-15-2
COMMUTING USE OF STATE OWNED/LEASED VEHICLES
FRMS-16

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-16
Rev. 06/08

STATE OF ALABAMA
DEPARTMENT OF FINANCE
COMMUTING USE OF STATE OWNED/LEASED VEHICLES

(This is a fillable form. Just use tab to move from field to field and enter the required information.
Use file; "save as" to save a copy to your computer.)

1. List all employees with the same **CAS Fund, Agency, and Appropriation Unit** on the same page(s).
   NOTE: NAMES MUST BE THE SAME AS IN GHRS.
2. Accounting distribution must be completed in order to charge the employer's share of FICA and Medicare correctly.
   NOTE: ALL CODES MUST BE CAS CODES.
3. Total value should be reflected in dollars and cents ($90.00).
4. Subtotal each page with a **grand** total for the department on the last page.
5. Enter the name and telephone number of the department contact person on the first page for the agency as indicated.

CAS DEPARTMENT NAME _____

0200-01

CAS Fund CAS Agency CAS Appropriation Unit CAS Object Code

	CAS ACTV	CAS ORG	EMPLOYEE ID NUMBER	NAME	# DAYS	X $3	$ VALUE
1.						X $3	$
2.						X $3	$
3.						X $3	$
4.						X $3	$
5.						X $3	$
6.						X $3	$
7.						X $3	$
8.						X $3	$
9.						X $3	$
10.						X $3	$

Sub Total this page	$
Grand Total All Pages	$

CONTACT PERSON: _____

PHONE #: _____

I hereby certify that the above information is correct and reflects the total personal usage of State owned/leased vehicles assigned to my department.

_____
(Department Head Signature)

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EXHIBIT 7-15-3
CORRECTED WAGE AND TAX STATEMENT
IRS FORM W-2C

a Tax year/Form corrected / W-2	44444	OMB No. 1545-0008	
b Employee's correct SSN		c Corrected SSN and/or name (if checked, enter incorrect SSN and/or name in box h and/or box i) ☐	d Employer's Federal EIN
e Employee's first name and initial	Last name	Suff.	g Employer's name, address, and ZIP code
f Employee's address and ZIP code			
Complete boxes h and/or i only if incorrect on last form filed. ▶	h Employee's **incorrect** SSN		i Employee's name (as **incorrectly** shown on previous form)

Note: Only complete money fields that are being corrected (except MQGE).

Previously reported	Correct information	Previously reported	Correct information
1 Wages, tips, other compensation	1 Wages, tips, other compensation	2 Federal income tax withheld	2 Federal income tax withheld
3 Social security wages	3 Social security wages	4 Social security tax withheld	4 Social security tax withheld
5 Medicare wages and tips	5 Medicare wages and tips	6 Medicare tax withheld	6 Medicare tax withheld
7 Social security tips	7 Social security tips	8 Allocated tips	8 Allocated tips
9 Advance EIC payment	9 Advance EIC payment	10 Dependent care benefits	10 Dependent care benefits
11 Nonqualified plans	11 Nonqualified plans	12a See instructions for box 12	12a See instructions for box 12
13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b	12b
14 Other (see instructions)	14 Other (see instructions)	12c	12c
		12d	12d

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State Correction Information

Previously reported	Correct information	Previously reported	Correct information
15 State	15 State	15 State	15 State
Employer's state ID number	Employer's state ID number	Employer's state ID number	Employer's state ID number
16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.	16 State wages, tips, etc.
17 State income tax	17 State income tax	17 State income tax	17 State income tax

Locality Correction Information

18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.
19 Local income tax	19 Local income tax	19 Local income tax	19 Local income tax
20 Locality name	20 Locality name	20 Locality name	20 Locality name

Copy 1—State, City, or Local Tax Department

Form **W-2c** (Rev. 1-2006) **Corrected Wage and Tax Statement** Department of the Treasury Internal Revenue Service

EXHIBIT 7-15-4
REQUEST FOR DUPLICATE/INFORMATIONAL W-2
FRMS-63

This form can be printed from the Comptroller's website at
http://comptroller.alabama.gov/pages/online_forms.aspx

FRMS-63
Rev 06/10

STATE OF ALABAMA
REQUEST FOR DUPLICATE/INFORMATIONAL W-2
(This is a fillable form. Just use tab to move from field to field and enter the required information.
Use file; "save as" to save a copy to your computer.)

For the immediately past tax year, a duplicate form W-2 will be furnished to the employee based on written justification until April 30 of the current year. This will be an actual, new, reprinted W-2 and cannot be emailed.

Beginning May 1 for the immediately past tax year and for prior years, this information will be furnished on an informational statement and emailing is the most efficient manner of delivery.
**********PLEASE ALLOW 2 WEEKS TO PROCESS. **********

NOTE: This request MUST be signed by the employee. An electronic submission is not acceptable at this time. Please fax request to 334-242-3905; or mail to 100 N. Union Street, STE 282; Montgomery, Alabama 36130. Thanks.

Name _____

Social Security Number _____

Agency# _____ Agency Name _____

Year(s) Requested _____

Contact Phone Number: ( ) - ext-

Please send duplicate via:

☐ Mail to address below:

_____

_____

_____

☐ E-mail to address below (preferred method for informational statements) :

_____

☐ Send to Agency

☐ Will pick up from GHRS, 100 North Union Street; STE 282; Montgomery, Alabama 36130

Number to call when ready for pickup _____

☐ Other- Please indicate:

I certify that the above referenced W-2(s) was/were lost or destroyed.

_____
Employee Signature

DO NOT COPY

7-16 IRS FORMS 1099-R

A. POLICY

The State of Alabama, in recognition of its responsibility to be in full compliance with all Internal Revenue Service and Alabama Department of Revenue rules and regulations, maintains the following policies and procedures to ensure conformity in the issuance of IRS Form 1099-R (see Exhibit 7-16-1). The following are the Form 1099-R requirements and procedures to be followed in the implementation of those requirements.

B. REPORTING REQUIREMENTS

Each year, the State of Alabama must furnish a Form 1099-R to each individual who has received the following types of payments from the state:

1. Supernumerary[2] payments to participants in the state's supernumerary system;

2. Monthly payments to the spouse of a deceased governor;

3. Lump sum payments made to the survivors of an Alabama peace officer who has been killed in the line of duty;

4. Monthly spousal benefits paid to the widows of deceased Clerks (e.g., Circuit Court Clerk) and Registers.

5. Payments to the beneficiary or estate of a participating TRS employee for any unused sick leave if an employee dies while still in active service to the state.

Type 1 is determined through the W-2 process (see procedures as these payments are made in GHRS).

The disbursement object for payment types 2 - 4 is 1100-30. The disbursement object for type 5 is 1100-40. Payment types 2-5 are paid by voucher in CAS.

The 1099-R must be furnished to appropriate recipient no later than January 31st of the year following the year in which the payments were received.

The statement must contain the state's name, address, and federal identification number (63-6000619) and the recipient's name, address, and social security number. It must also contain the total amount of payments and any taxes that were withheld.

[2] A supernumerary is a retired official (e.g., judge) who receives payments from the state in return for remaining available to serve.

EXHIBIT 7-16-1
IRS FORM 1099-R

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution $	OMB No. 1545-0119 2008 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount $		
		2b Taxable amount not determined ☐	Total distribution ☐	Copy 1 For State, City, or Local Tax Department
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) $	4 Federal income tax withheld $	
RECIPIENT'S name		5 Employee contributions /designated Roth contributions or insurance premiums $	6 Net unrealized appreciation in employer's securities $	
Street address (including apt. no.)		7 Distribution code(s) IRA/SEP/SIMPLE ☐	8 Other $ %	
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions $	
	1st year of desig. Roth contrib.	10 State tax withheld $ $	11 State/Payer's state no.	12 State distribution $ $
Account number (see instructions)		13 Local tax withheld $ $	14 Name of locality	15 Local distribution $ $

Form 1099-R Department of the Treasury - Internal Revenue Service

DO NOT COPY

CHAPTER 8
GENERAL ACCOUNTING

8-1 INTRODUCTION

The statewide central accounting system (CAS) enables the State to accumulate data for several purposes including budgetary control, budgetary reporting, and financial reporting. In general, the state operates on a budgetary basis during the fiscal year. Subsequent to the fiscal year-end, the Comptroller's Office will request accruals and other adjustments for the Comprehensive Annual Financial Report (CAFR). The accruals and other adjustments allow the Comptroller's Office to prepare the CAFR in conformity with generally accepted accounting principles (GAAP) as required by the Governmental Accounting Standards Board (GASB).

The general accounting procedures for items such as the preparation of journal vouchers, cash transfers, operating leases, capital leases, fixed assets (including depreciation), receivables, payables, investments, prior period adjustments, and outside accounts are discussed below. The discussion includes the proper methods to account for the above mentioned items during the fiscal year as well as accruals and adjustments needed to prepare the CAFR in conformity with GAAP. CAFR accruals will be requested annually during the thirteenth accounting period.

8-2 JOURNAL VOUCHERS

A. PURPOSE OF JOURNAL VOUCHERS

Journal vouchers are used to record accounting events that are not recorded by other CAS transactions. In CAS, a journal voucher transaction (JV) is used to enter accounting journal entries to the state-level accounting system.

B. DOCUMENT FLOW OF JOURNAL VOUCHER PROCESSING

All departments will prepare journal voucher forms using CAS accounting codes and submit them to the Comptroller's Office complete with attached supporting documentation. Those departments without an automated accounting system will send the completed journal voucher forms with documentation to the Comptroller's Office for direct entry into CAS, approval, and processing. Those departments with an automated accounting system will enter the journal voucher data in their system using their departmental accounting codes. The transactions will then crosswalk to CAS codes and remain on the CAS suspense file until approved and processed by the Comptroller's Office. One copy of the approved journal voucher form is filed in the Comptroller's Office.

The following flow charts (Exhibits 8-2-1 and 8-2-2) provide an overview of journal voucher processing for departments with automated and non-automated accounting systems.

EXHIBIT 8-2-1
DOCUMENT FLOW OF JOURNAL VOUCHER PROCESSING
FOR AUTOMATED DEPARTMENTS

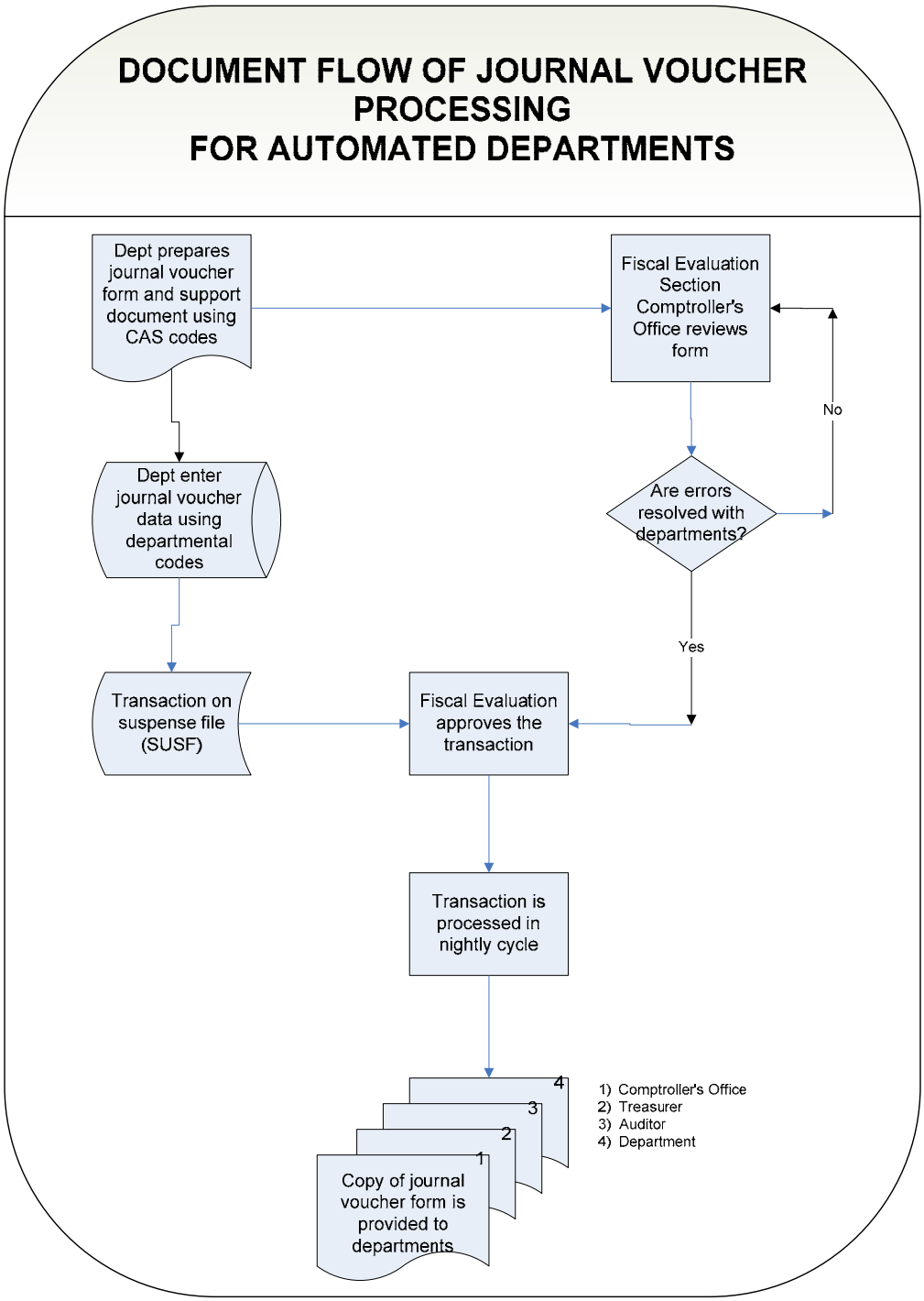
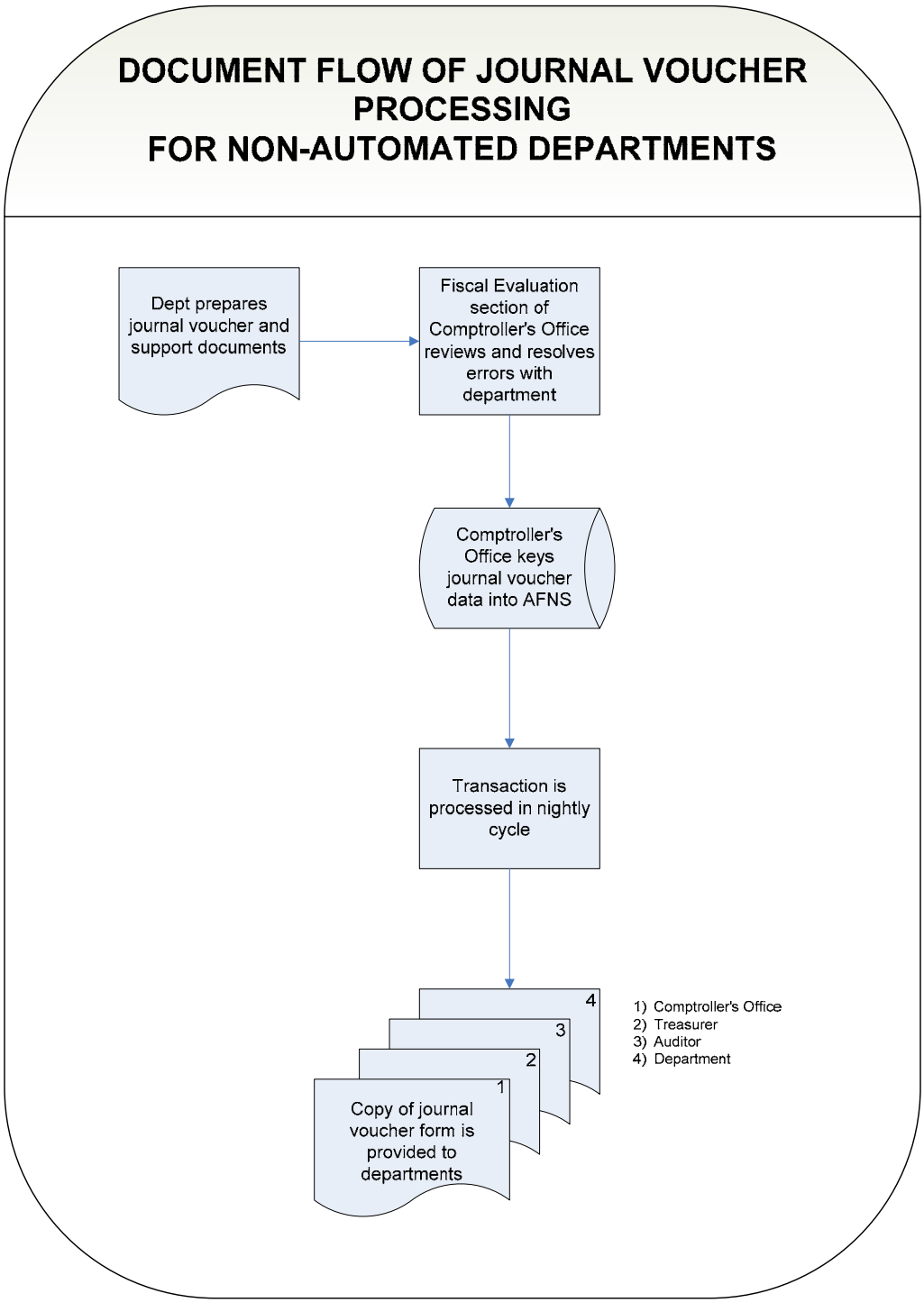


EXHIBIT 8-2-2
DOCUMENT FLOW OF JOURNAL VOUCHER PROCESSING
FOR NON-AUTOMATED DEPARTMENTS



C. TYPES OF JOURNAL VOUCHERS AND ACCOUNTING EFFECTS

Journal voucher transactions are used for:

1. Corrections to accounting distribution codes on previously entered expenditure transactions;

2. Cost allocation processing;

3. GHRS accounting entries posted to the state-level accounting system (CAS) and payroll offsetting entries posted by departments to CAS;

4. Recording fixed asset, inventory, and receivables information in CAS, including accruals for the CAFR; and

5. Recording year-end accounts payable in CAS for each fund.

Departments may use journal vouchers to correct errors and to record other accounting transactions that affect the departmental accounting system only. The FRMS system is designed to electronically process journal entries from the departmental accounting systems to CAS; however, certain transactions may have no net effect on CAS. If departments send all journal voucher transactions electronically, the Fiscal Management section will process only those transactions that have a net effect on CAS. Transactions that have no net effect on CAS should be entered at the department level using an "OT" journal voucher (example: JV 053 OT0530000001). OT journal vouchers do not pass through integration to CAS.

All journal voucher transactions in CAS must be self-balancing; that is, the transaction must include equal debit and credit amounts within each fund. The journal voucher may contain multiple debit and credit entries but must balance within each fund. A journal voucher transaction must include an account type (asset, liability, expense / expenditure, revenue, fund balance) for each line of the journal voucher because each account type requires a different processing procedure in CAS. As part of the transaction, a two-digit account type is used to indicate the type of transaction:

01 Asset
02 Liability
03 Fund Balance
22 Expense / Expenditure
23 Expenditure / Asset (Capitalized Expenditure)
24 Expense (non-budgeted items)
31 Revenue

1. JOURNAL VOUCHERS TO CORRECT ERRORS

Most of the journal vouchers used by departments will be to correct account-coding errors. These journal vouchers will be entered into the department accounting system and will be passed electronically to CAS, where final approval will be given by the Fiscal Management Section of the Comptroller's Office. A journal voucher form (FRMS-20), with supporting documentation, will be forwarded to the Comptroller's Office for audit purposes. The journal voucher must include the debit entries and credit entries to correctly produce the required accounting effects. If there are no problems, the Fiscal Management Section will approve the journal voucher transaction in CAS. Departments with automated accounting systems that are not AFNS systems (non-AMS), will batch the journal voucher transactions by agency before electronic transmission to CAS in order to facilitate processing.

Journal vouchers prepared by departments without automated accounting systems will be processed by completing journal voucher forms, using CAS codes, and forwarding them to the Comptroller's Office for audit, approval, and entry into the CAS system. Supporting documentation is required for journal vouchers that are to correct expenditures charged to incorrect object codes for travel and for corrections between fiscal years. Documentation will provide the Comptroller's Office with justification for the requested changes.

Journal vouchers will not be used to process routine corrections to previously entered receipt transactions (cash receipts); the Cash Receipt Modification document will be used. Section 3-3, (D) of this Manual provides instructions and procedures to process these corrections.

2. JOURNAL VOUCHERS TO RECORD COST ALLOCATION PROCESSING

Cost allocation journal vouchers produced by departmental systems will be loaded into FRMS pending approval by the Comptroller's Office. No backup documentation is required for these journal vouchers, nor will journal voucher forms be required. These transactions must be identified by prefixing the transaction number with the letters CA (for cost allocation). Approval will be applied by the Comptroller's Office to allow these transactions to update the state-level accounting system.

3. JOURNAL VOUCHERS TO RECORD GHRS PAYROLL TRANSACTIONS

Journal vouchers are created by GHRS during payroll processing. These journal vouchers are posted to CAS automatically without action by the departments. These journal vouchers do not require approval by the Comptroller's Office.

4. JOURNAL VOUCHERS TO RECORD BALANCE SHEET TRANSACTIONS

Departments will submit balance sheet information on a periodic basis to the Comptroller's Office. These balance sheet entries will be examined for accuracy and completeness. Information (e.g., fixed asset, inventory, and receivables) from departmental balance sheet accounts will be obtained and provided to the Comptroller's Office on journal vouchers. The Comptroller's Office will enter and approve these transactions.

5. JOURNAL VOUCHERS TO RECORD YEAR-END ACCOUNTS PAYABLE

As part of the end of year procedures, the departments will submit end-of-year accounts payable forms to the Fiscal Management Section of the Comptroller's Office. This form will provide the estimated liability of the department for the current fiscal year by fund, agency, appropriation unit, organization (if applicable), and object. The Comptroller's Office will review these forms for correctness and completeness. It is important that departments estimate accounts payable at the end of the year as accurately as possible, because the information is used to reserve funds to meet remaining fiscal year obligations before the accounting books are closed.

D. HOW TO COMPLETE THE JOURNAL VOUCHER FORM (FRMS-20)

A journal voucher form (Form FRMS-20) is shown as Exhibit 8-2-3. The instructions for item numbers 1 through 28 explain completion of the form.

1. Enter the Journal Voucher Number.

   _ _ _ Three digits for agency code of the department.

   _ _ _ _ _ _ _ _ _ _ First digit for the current fiscal year (6 = fiscal year 1995-1996, 7 = 1996-1997) second through fourth digits are your agency code and the remaining seven digits for the number sequence used by the department. This number can only be used once during the fiscal year.

2. Batch Number - If the department has an automated accounting system and does not use AFNS, then enter a six-digit batch number. Otherwise, leave blank.

3. Date - Leave blank, the system infers the date the day the journal voucher is accepted in CAS.

4. Accounting Period - Leave blank. The current accounting period will be inferred.

5. Budget Fiscal Year - Leave blank.

6. AC TP - For each line of the journal voucher, enter the two-digit account type to indicate the type of transaction. Valid account types are:

   01 Asset
   02 Liability
   03 Fund Balance (Limited use. Do not use with type 22, 23, 24, or 31 offsets.)
   22 Expense/Expenditure
   23 Expenditure/Asset (Capitalized Expenditure)
   24 Expense (non-budgeted items)
   31 Revenue

7. FUND - Enter the four-digit code of the fund to be adjusted by the journal voucher.

8. AGCY - Enter the three digit code of the agency (or department) to be adjusted by the journal voucher.

9. ORG - Enter the four-digit organization code assigned by the EBO. This code should be entered only where funds are budgeted to the organization level rather than the appropriation unit level. Otherwise, leave blank.

10. APPR - If this is an expense/expenditure adjustment, enter the three digit code of the department's appropriation unit to be adjusted. Otherwise, leave blank.

11. ACTIVITY - If this is an expense/expenditure adjustment, enter the four digit code of the departmental activity code to be adjusted. Otherwise, leave blank.

12. OBJ/REV - Enter the four-digit code of the expenditure object to be adjusted. An expenditure object code must be used for an expense/expenditure transaction. A revenue source code must be used on transactions that adjust a revenue transaction.

13. SUB OBJ/REV - Enter the two-digit code for each line that has a 4-digit expenditure object (OBJ) code to be adjusted.

14. BS ACCT - If this is a balance sheet adjustment, enter the four-digit code to be used to record, reclassify, or correct a balance sheet account. Otherwise, leave blank.

15. REPT CATG - Leave blank.

16. DESCRIPTION - If the transaction is to adjust an expense/expenditure or a refund of a revenue, enter the eight digit warrant number. Otherwise, optional departmental data may be entered in this field.

17. V/P CODE - If the transaction is to correct a specific payment voucher transaction, enter a V for vendor code. This letter must be entered if a vendor code is entered for item 18. If the journal voucher transaction is to correct a transaction involving a provider code, enter a P.

18. VENDOR/PROVIDER - If the transaction is to correct a specific payment voucher transaction, enter the 11 digit vendor code of the original payment. If the journal voucher transaction is to correct a transaction involving a provider code, then enter the three, four or six digit provider code used in the original transaction. A vendor code must be used when correcting entries relating to object 0300 (travel). Vendor codes must be used when changing expenditures between major object codes and sub-object codes (with the exception of payroll codes), or moving expenditures between agencies.

19. DEBIT AMOUNT - Enter the dollar amount of the accounts being debited.

20. CREDIT AMOUNT - Enter the dollar amount of the accounts being credited.

21. TOTALS - Enter the total of the debits.

22. TOTALS - Enter the total of the credits.

    Debit totals and credit totals must be equal within each fund.

23. Explanation - Enter information to describe the purpose of the journal voucher transaction.

24. Submitted By - Enter the name of the individual responsible for the journal voucher.

25. Date - Enter the date that the journal voucher form is completed.

26. Phone - Enter the telephone number of the individual responsible for the journal voucher.

27. Audited By - For use by the Comptroller's Office.

28. Date Audited - For use by the Comptroller's Office.

EXHIBIT 8-2-3
JOURNAL VOUCHER FORM (FRMS-20)

FRMS-20
REV 04/1999

Comptroller will distribute as follows
White - Comptroller
Yellow - Treasurer
Pink - Auditor
Gold - Department

STATE OF ALABAMA
DEPARTMENT OF FINANCE
State Comptroller
Montgomery, AL 36130

JOURNAL VOUCHER NUMBER _____ _____

BATCH NUMBER _____

DATE _____

ACCOUNTING PERIOD ____ _____ BUDGET FY _____

JOURNAL VOUCHER

AC TP	FUND	AGCY	ORG	APPR	ACTI-VITY	OBJ/ REV	SUB O/R	BS ACCT	REPT CATG	DESCRIPTN	V/ P	VENDOR/ PROVIDER	DEBIT AMOUNT	CREDIT AMOUNT
												TOTALS		

Explanation: _____

_____

_____

Submitted by: _____ Audited by: _____

Date: _____ Phone: _____ Date Audited: _____

8-3 CASH TRANSFERS

If a department has been appropriated funds to be transferred from the General Fund, the Education Trust Fund (ETF), or another fund, the department will request that a transfer be made by the Comptroller's Office. The department will complete a Request for Cash Transfer (FRMS-51). The request must include the fund from which the transfer is requested and the fund to which the transfer is to be made. The request for "Transfer From" must include the following accounting codes: fund, agency, organization, appropriation, activity, and expenditure object and sub-object or balance sheet code. The request for "Transfer To" must include the following accounting codes: fund, agency, revenue source or balance sheet code. The matching object/sub-object/revenue source combination listed below must be used. The following codes are not inclusive, but serve as examples of how the coding structure should be used:

Obj/Sub-Obj	1600-05	Appropriated Operating Transfers out of the General Fund
Rev Src	0801	Appropriated Operating Transfers in from the General Fund

Obj/Sub-Obj	1600-05	Appropriated Operating Transfers out of the ETF
Rev Src	0802	Appropriated Operating Transfers in from the ETF

There are agencies that produce Intra Fund Class Transfers and/or General Fund Transferred Cash entries. These cash transfers are used between two funds with the same fund class type *only*. The request for "Transfer From" must include the following accounting codes: fund, agency, organization, appropriation, activity, and expenditure object and sub-object. The request for "Transfer To" must include the following accounting codes: fund, agency, organization, appropriation, activity, and expenditure object and sub-object. The expenditure object and sub-object will be the same for the transfer from and the transfer to side of the entry. The following are the accounting code structure used for these entries.

Obj/Sub-Obj	1600-40	Intra Fund Class Transfers
Obj/Sub-Obj	1600-41	General Fund Transferred Cash

Exhibit 8-3-1 is form document FRMS-51, which is the prescribed form for Cash Transfers. Each transfer has an assigned transfer identification number. When a new transfer needs to be processed, the department must contact the Comptroller's Office to have their transfer information entered in the CAS transfer system and develop their transfer identification number. The transfer system holds both CAS and AFNS transfer accounting codes. The system is designed to send departmental transfer data back to each department and update CAS accounting tables. Once the transfer has been approved in CAS the nightly cycle picks-up the departmental coding from the transfer tables and sends an OT JV back to the department to update the expenditure or receipt side of the transaction. An example of the JV number is as follows: OT010265001. The OT keeps the journal voucher from trying to integrate back to CAS; the third through the fifth position is the agency code, the sixth through eighth position is the Julian date, and the ninth through the eleventh position is assigned by the transfer system. NOTE: if accounting codes need to be changed on existing transfers, the department must contact the Comptroller's Office to make the necessary change(s) in the transfer system.

EXHIBIT 8-3-1
CASH TRANSFER FORM (FRMS-51)

FRMS-51 Rev 01/10

STATE OF ALABAMA
DEPARTMENT OF FINANCE
DIVISION OF CONTROL AND ACCOUNTS
REQUEST FOR CASH TRANSFER

☐ **Check in red for coding changes**

Agency _____ **Date** _____

Requested by _____ **Work#** _____

Comptroller Use Only
(TRHD) Transfer ID #
930 TR _____

Transfer Amount $ _____

Transfer From(TGVL) **Send Y N**

	LN	AT	Fund	Agcy	Orgn	Sub Org	Appr	Actv	Exp/Rv Obj	Sub Obj	BS Acct	Job#	Rept Cat	Ln Amount
DEPT	01													$
CAS	01													$

Transfer To (TRCL) **Send Y N**

	LN	AT	Fund	Agcy	Orgn	Sub Org	Appr	Actv	Exp/RV Obj	Sub Obj	BS Acct	Job#	Rept Cat	Ln Amount
DEPT	01													$
CAS	01													$

Transferred by: _____ _____
State Comptroller's Office Date

8-4 DERIVATIVE NOTE DISCLOSURE REQUIREMENTS

As part of the CAFR preparation process, certain note disclosures are required to be made about derivatives. Please provide a discussion of the accounting policies relevant to derivatives. Also, include a description of contingencies or subsequent events related to derivatives.

If derivatives have been used, held, or written during the fiscal year (regardless of whether the assets or liabilities resulting from these transactions are reported on the balance sheet), the nature of the transactions and the reasons for entering into them should be explained. This explanation should include a discussion of the entity's exposure to credit risk, market risk, and legal risk. However, the discussion of risk should be made only to the extent that these risks are above and beyond those risks that are apparent in the financial statements or are otherwise disclosed in the notes to the financial statements.

Market Risk - exposure to changes in the market, such as a change in interest rates or a change in the price or principal value of a security.

Legal Risk - the exposure to a transaction's being determined to be prohibited by law, regulation, or contract.

Credit Risk - exposure to the default of another party to the transaction (counterparty).

8-5 DEPOSIT NOTE DISCLOSURE REQUIREMENTS

Certain disclosures related to deposits are required to be made in the notes to the financial statements. If your agency has deposits outside the State Treasury, information related to deposits will be requested by the Comptroller's Office as part of the CAFR preparation process. The following describes the information on deposits that should be provided.

When deposits with financial institutions are fully insured, or collateralized by securities held by the governmental entity or its agent in the governmental entity's name, the only disclosure that is necessary is a statement that deposits with financial institutions are fully insured or collateralized. On the other hand, when deposits are not fully insured or collateralized, the credit risk associated with deposits must be described by making the following disclosures:

a. Amount of total bank balance classified in these three categories of risk:

   1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.

   2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

   3. Uncollateralized (this includes any bank balance that has collateralized securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name).

b. If the amount of uncollateralized bank deposits during the year significantly exceeded the amount of uncollateralized bank deposits as of the balance sheet date, the reason for this situation should be briefly described.

8-6 PAYABLES

Payables must be accrued when goods and/or services are received by September 30 that are paid for by November 30. The Financial Reporting Section of the State Comptroller's Office will make the journal entries to accrue payables for payments coded to the 13th accounting period. However, some funds have payables at September 30 that will be paid in the current year instead of the 13th accounting period. Examples of such payables include revenue redistributions and payments made from reallotted federal funds. Subsequent to the 13th accounting period, the Financial Reporting Section will request journal vouchers to accrue these payables. Also, a list of state departments and the amounts paid that comprise any accruals of "Due to Other Funds" should be attached to the journal voucher so that a matching accrual can be made in the receiving fund to "Due From Other Funds." The steps for completing the journal vouchers are as follows:

Step 1 Using your accounting records, determine the amounts owed at 9/30 that were paid in October and November which were coded to the current year instead of the 13th accounting period.

Step 2 Prepare a list of the state agencies and amounts owed that comprise accruals to "Due to Other Funds".

Step 3 Prepare an accrual and reversing journal voucher. Use the same accounting distribution that was used when the payment was made.

The accrual journal voucher is coded to the 13th accounting period. On the reversing journal voucher, leave the accounting period blank and code the budget fiscal year to the prior budget fiscal year.

The various payable balance sheet accounts are as follows:

a. **Accounts Payable** (balance sheet account (BSA) 2000) - Amounts owed to vendors excluding other state funds and/or other governments.

b. **Due to Other Funds** (BSA 2003) - Amounts owed to other state funds.

c. **Due to Other Governments** (BSA 2004) - Payables owed to other governments (city, county, or federal).

8-7 DEFERRED REVENUE

Funds that are received prior to the end of the fiscal year that are not available for expenditure (governmental-type funds) or will not be earned (proprietary-type funds) until a subsequent fiscal year should be recorded as a deferred revenue. A journal voucher should be prepared to record the deferred revenue. Also, a reversing journal voucher should be prepared.

Assume that fund 0434, agency 010 received $1,000 in fiscal year 19X7 that will not be earned until fiscal year 19X8. The deposit was coded to revenue source 0762. The entry to record the deferred revenue is as follows:

ACCOUNTING PRD 13 X7 BUDGET FY X7

AC TP	FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	DEBIT AMOUNT	CREDIT AMOUNT
31	0434	010	0762			1,000	
02	0434	010			2050		1,000

The reversing entry is as follows (leave the accounting period blank and code the budget fiscal year to the prior budget year):

ACCOUNTING PRD ___ ___ BUDGET FY X7

AC TP	FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	DEBIT AMOUNT	CREDIT AMOUNT
02	0434	010			2050	1,000	
31	0434	010	0762				1,000

8-8 RECEIVABLES

The criteria used to determine what constitutes a receivable vary depending on whether the fund involved is a governmental-type fund or a proprietary-type fund. The criteria used to determine receivables for each type of fund are discussed below.

A. GOVERNMENTAL-TYPE FUNDS

Governmental-type funds should accrue receivables for refunds of disbursements received after the fiscal year-end that are deposited to the prior budget fiscal year and for services performed or goods sold to other entities on or before September 30, if the funds are measurable and available. In order to meet the available criterion, the funds must be received in October or November following the fiscal year-end. Also, the funds must be available budgetarily and legally. In most instances, the funds will not be available due to budgetary and legal constraints. Refunds of disbursements deposited to the prior budget fiscal year meet the definition of available since these deposits "create" budget authority

"Due to Other Funds" and "Due From Other Funds" must match statewide. In order to assure that these balances match, a listing of amounts paid to your agency by other agencies will be provided along with the request for receivable accruals. The amount accrued to "Due From Other Funds" must agree with the amount paid to your agency by other agencies per the listing. Additional accruals of "Due From Other Funds" may be required at a later date for amounts paid to your agency by other agencies from reallotted funds.

Step 1 Using your accounting records, determine the amounts due to your fund by outside vendors ("Accounts Receivable" and "Interest Receivable") and other governments ("Due From Other Governments") as of September 30 that were received by the end of the 13th accounting period and meet the measurable and available criteria.

Step 2 Use the listing of amounts paid to your department by other departments during the 13th accounting period to determine the amount to accrue as "Due From Other Funds".

Step 3 Prepare an accrual and reversing journal voucher. Use the same accounting distribution that was used when the receipt was deposited.

The accrual journal voucher is coded to the 13th accounting period. On the reversing journal voucher, leave the accounting period blank and code the budget fiscal year to the prior budget fiscal year.

B. PROPRIETARY-TYPE FUNDS

Receivables should be accrued for services performed or goods sold to other entities on or before September 30. "Due to Other Funds" and Due From Other Funds" must match statewide. In order to assure that these balances match, a listing of amounts paid to your agency by other agencies will be provided along with the request for receivable accruals. The amount accrued to "Due From Other Funds" must agree with the amount paid to your agency by other agencies per the listing. Additional accruals of "Due From Other Funds" may be required at a later date for amounts paid to your agency by other agencies from reallotted funds.

Step 1 Using your accounting records, determine the amounts due to your fund by outside vendors ("Accounts Receivable" and "Interest Receivable") and other governments ("Due From Other Governments") as of September 30.

Step 2 Use the listing of amounts paid to your department by other departments during the 13th accounting period to determine the amount to accrue as "Due From Other Funds".

Step 3 Prepare an accrual and reversing journal voucher. Use the same accounting distribution that was used when the receipt was deposited.

The accrual journal voucher is coded to the 13th accounting period. On the reversing journal voucher, leave the accounting period blank and code the budget fiscal year to the prior budget fiscal year.

C. DESCRIPTION OF RECEIVABLE BALANCE SHEET ACCOUNTS

The various receivable balance sheet accounts are as follows:

a. **Accounts Receivable** (BSA 1200) - Used to record all receivables other than "Due From Other Funds," "Due From Other Governments," and "Interest Receivable".

b. **Due From Other Funds** (BSA 1203) - Used to record receivables due from other state agencies.

c. **Interest Receivable** (BSA 1204) - Used to record a receivable for interest earned as of 9/30, but not yet received.

d. **Due From Other Governments** (BSA 1205) - Used to record receivables due from federal, city, or county government.

8-9 INVENTORY

The methods used to account for inventory (not property inventory) vary depending on whether the fund involved is a governmental-type (general, special revenue, debt service, capital projects, and expendable trust funds) or proprietary-type fund (pension, non-expendable, internal service, and enterprise funds). The methods used to account for inventory are discussed below.

A. GOVERNMENTAL-TYPE FUNDS

A governmental fund may account for inventories using the purchase method or the consumption method. Under the purchase method, inventories are treated as expenditures when acquired, while under the consumption method, an expenditure is recognized when inventories are used. If inventories are material, they must be reported on the balance sheet, regardless of the method used.

1. **Purchase Method** - As mentioned above, under the purchase method, inventory purchases are coded as expenditures. If inventories are immaterial, no further adjustments are necessary. If inventories are material, an entry must be made to report the inventories on the balance sheet. To determine the adjustment that needs to be made in CAS, compare the inventory balance per your inventory records to the balance in CAS at 9/30 per the comparative balance sheet (F205E) that is mailed out as part of the CAFR process. Determine the adjustment that needs to be made to the inventory balance. Prepare a journal voucher as follows:

   Dr Inventory (BSA 1301, 1302, 1303, or 1304)(Acct type 01)
   Cr Reserve for Inventory (BSA 3003)(Acct type 03)

   The above example assumes that the inventory balance needs to be increased. If the inventory balance needs to be decreased, the debits and credits would be reversed.

2. **Consumption Method** - Under the consumption method, inventory purchases are shown as increases to inventory. This is accomplished by coding the purchase as an account type 23 (include the balance sheet account and the expenditure object/sub-object on the same line on the payment voucher). An expenditure is reported when the inventory is used (either perpetually or periodically). At year-end, the inventory balance per your inventory records should be compared to the comparative balance sheet (F205E) that is mailed out as part of the CAFR process to determine any adjustments that need to be made to the inventory balance. Journal vouchers to adjust the inventory balance should be prepared as follows (use the same expenditure object/sub-object that was used when the inventory was purchased):

   Dr Expenditures (acct type 24)
   Cr Inventory (BSA 1301, 1302, 1303, or 1304)

   The entry to set up the fund balance reserve related to inventory will be made by the Financial Reporting Section of the Comptroller's Office.

B. PROPRIETARY-TYPE FUNDS

Proprietary-type funds operate on the accrual basis of accounting. Therefore, inventories must be accounted for using the consumption basis of accounting (see (2) above under Governmental-Type Funds for a description of the consumption method).

C. DESCRIPTION OF INVENTORY ACCOUNTS

The various inventory balance sheet accounts are as follows:

a. **Inventory** (BSA 1301) - value of materials and supplies in stock and to be consumed at a later date.

b. **Raw Materials Inventory** (BSA 1302) - the cost of all raw materials to be used in producing a product.

c. **Work in Process** (BSA 1303) - the cost of all materials placed into the production process.

d. **Finished Goods** (BSA 1304) - the cost of items for which production is complete.

8-10 PRIOR PERIOD ADJUSTMENTS

A prior period adjustment is required to correct errors in balance sheet account balances if the errors occurred in previous fiscal years. Perform the following steps if a prior period adjustment is required:

Step 1 Compare the balance sheet account balances on the F205E to your accounting records.

Step 2 Determine if an adjustment is needed to a balance sheet account due to an error in a prior period.

Step 3 Prepare a journal voucher as follows:

Dr/Cr	Balance Sheet Account (Acct type 01 or 02)
Cr/Dr	1600 95 Prior Period Adjustment (Acct type 24)

Step 4 Document the reason for the prior period adjustment and attach the documentation to the journal voucher you send to the Financial Reporting Section of the Comptroller's Office.

8-11 ON BOARD ITEMS AT STATE TREASURER'S OFFICE

Receipts deposited with the State Treasurer after the fiscal year-end cutoff date but prior to October 1 are processed in the subsequent fiscal year and, therefore, are considered to be "board items" at the State Treasurer. As part of the CAFR process, "board item" accrual and reversing journal vouchers will be prepared by the Financial Reporting Section of the Comptroller's Office.

8-12 OUTSIDE ACCOUNTS

If you have an outside account (financial account outside the state treasury), you should provide a trial balance for each entity or checking account. If a trial balance is provided, report the ending balances of assets, liabilities, revenues, and expenses for the year and the beginning fund balance/retained earnings. The beginning fund balance/retained earnings should agree with the ending fund balance/retained earnings as reported the previous fiscal year. The trial balance should sum to zero. Compiled, reviewed, or audited financial statements will be accepted in lieu of a trial balance.

If the outside checking account is classified as an agency fund type, then a worksheet similar to the one below should be provided. Compiled, reviewed, or audited statements that contain a similar statement or table will be accepted in lieu of the table.

Assume that an agency has an outside checking account that is classified as an agency fund type. The fund receives cash that is held in custody for others. For the fiscal year ended 19X7, the fund had a beginning cash balance of $5,000 and beginning investment balance of $5,000 and a beginning liability balance of $10,000. During the year, the fund received $5,000 in cash, invested $3,000, redeemed $2,000 of investments, and disbursed $8,000. The "Statement of Changes in Assets and Liabilities" should be completed as follows:

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 19X7

	Balance Oct 1,19X6	Additions	Reductions	Balance Sept 30, 19X7
ASSETS				
Cash	$ 5,000	$7,000	$11,000	$1,000
Investments	5,000	3,000	2,000	6,000
TOTAL ASSETS	10,000	10,000	13,000	7,000
LIABILITIES				
Amounts Held in Custody for Others	10,000	5,000	8,000	7,000
TOTAL LIABILITIES	$10,000	$5,000	$ 8,000	$7,000

8-13 GRANT ACCOUNTING

The following provides guidance on coding federal grants, refunds of grants disbursed from federal revenues, pass-through federal grants, and local grants:

A. FEDERAL GRANTS AND REIMBURSEMENTS

All federal revenues received directly from the federal government should be coded to the appropriate federal revenue code. Federal grants received on a reimbursement basis should be coded using the 085X revenue code series. Other federal grants received should be coded using the 083X revenue code series. The X in the last character position is replaced with the digit representing the appropriate function of government. See the *Fiscal Policy and Procedures Manual, Chapter 9* for further guidance.

Example: Fund 0300, agency 010 receives a federal grant in the amount of $1,000,000. The cash receipt to record the federal revenue is as follows (The X in the revenue source would be replaced by the digit representing the appropriate function of government, see *Fiscal Policy and Procedures Manual, Chapter 9*):

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	083X (or 085X)			1,000,000	

The resulting accounting entry is as follows:

Dr Cash	1,000,000	
Cr Federal Revenue		1,000,000

B. FEDERAL PASS-THROUGH GRANTS

Revenues received by one state agency from another state agency as a pass-through grant from the federal government. There are two situations related to federal pass-through grants as follows:

1. If the agency that first receives the federal funds performs administrative services or has direct financial involvement, then that agency should recognize federal revenue. The second agency receiving the pass-through grant from the first state agency should recognize federal pass-through grant revenue - revenue source code 0825. An agency performs administrative services if, for example, it

   (a) monitors secondary recipients for compliance with program specific requirements,

   (b) determines eligible secondary recipients or projects, even if using grantor established criteria, or

   (c) has the ability to exercise discretion in how the funds are allocated.

   A recipient has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or if liable for disallowed costs.

   Example: Agency A (Fund 0300, Agency 010) receives federal funds and performs administrative services such as determining grant eligibility. Agency A provides a grant to Agency B.

   Agency A should recognize federal revenue by coding the cash receipt as follows (The X in the revenue source would be replaced by the digit representing the appropriate function of government, see the *Fiscal Policy and Procedures Manual, Chapter 9*):

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	083X (or 085X)			1,000,000	

   The resulting accounting entry is as follows:

   Dr Cash 1,000,000
   Cr Federal Revenue 1,000,000

   Agency A would disburse the funds to Agency B as a grant. Assume the grant is coded to object/sub-object 1100 23. The payment voucher to disburse the grant would be coded as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	1100	23		1,000,000	

   The resulting accounting entry is as follows:

   Dr Grant Expenditures 1,000,000
   Cr Vouchers Payable 1,000,000

Agency B (Fund 0200, Agency 001) should recognize federal pass-through grant revenue as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0200	001	0825			1,000,000	

The resulting accounting entry is as follows:

Dr Cash 1,000,000
Cr Federal Pass-through Grant 1,000,000

2. If the agency that first receives the federal funds performs little or no administrative services, then that agency should deposit the funds into liability account 7825 and disburse the funds from the same liability account. The agency receiving the federal funds from the first agency should code the receipt as federal revenue following the guidelines in (A) above. If this is a routine transaction for the first agency, then the first agency should consider setting up an agency fund to handle the transaction.

   Example: Agency A (Fund 0300, Agency 010) receives federal funds in the amount of $1,000,000 and performs little or no administrative services before it passes the federal funds to Agency B (Fund 0200, Agency 001).

   Agency A should code the cash receipt to deposit the federal funds as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			7825	1,000,000	

   The resulting accounting entry is as follows:

   Dr Cash 1,000,000
   Cr Liability (Bal Sheet 7825) 1,000,000

   Agency A should code the payment voucher to “pass” the federal funds to Agency B as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			7825	1,000,000	

   The resulting accounting entry is as follows:

   Dr Liability (Bal Sheet 7825) 1,000,000
   Cr Vouchers Payable 1,000,000

   Agency B should code the cash receipt to deposit the federal funds “passed through” Agency A as follows (The X in the revenue source would be replaced by the digit representing the appropriate function of government, see the *Policy and Fiscal Procedures Manual, Chapter 9*):

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0200	001	083X (or 085X)			1,000,000	

   The resulting accounting entry is as follows:

   Dr Cash 1,000,000
   Cr Federal Revenue 1,000,000

C. LOCAL GRANTS

Grants received from local cities and counties should be coded to the 086X revenue code series. The X in the last character position is replaced with the digit representing the appropriate function of government. See the *Fiscal Policy and Procedures Manual, Chapter 9* for further guidance.

Example: Fund 0300, Agency 010 receives a grant from the City of Montgomery. The cash receipt to deposit the funds should be coded as follows (The X in the revenue source would be replaced by the digit representing the appropriate function of government, see *Fiscal Policy and Procedures Manual, Chapter 9*):

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	086X			1,000,000	

The resulting accounting entry is as follows:

Dr Cash 1,000,000
Cr Local Grant Revenue 1,000,000

D. REFUNDS OF EXPENDITURES MADE FROM FEDERAL GRANTS

The entries required for refunds of expenditures made from federal funds vary depending upon when the refunds are received and whether the grant period is still open. The following provides guidance on coding refunds for each situation:

1. If an agency receives a refund related to federal grants in the same fiscal year the original disbursement was made and the grant period is still open, then the refund should be coded as a refund of disbursements.

   Example: Fund 0300, Agency 010 disburses a grant (object/sub-obj 1100 23) in the amount of $1,000 in January 19X9 and receives a refund of the grant in August 19X9. The cash receipt to record the refund should be coded as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	1100	23		1,000	

   The resulting accounting entry is as follows:

   Dr Cash 1,000
   Cr Grant Expenditures 1,000

2. If an agency disburses a grant related to federal funds during the first twelve months of the fiscal year, the grant period is still open, and the refund is received in the 13th accounting period, then two cash receipts should be completed. The first cash receipt should be completed to accrue a receivable in the 13th accounting period offset with a reduction in expenditures. The second cash receipt is completed to deposit the funds into the current fiscal year offset with the receivable.

   Example: Fund 0300, Agency 010 disburses a grant (object/sub-obj 1100 23) related to federal funds in October 19X8 (FY19X8) in the amount of $1,000. The grant is refunded back to the agency in October 19X9 and the grant period is still open. The cash receipt to accrue the receivable and reduce the expenditures in FY19X8 is as follows (Note the receivable balance sheet account would depend on the type of entity the refund is due from):

   ACCOUNTING PERIOD 13 X8 BUDGET FY X8

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			1200	1,000	D
0300	010	1100	23		1,000	I

   The resulting accounting entry in FY 19X8 is as follows:

   Dr Accounts Receivable 1,000
   Cr Grant Expenditures 1,000

   The cash receipt to deposit the funds in FY 19X9 should be coded as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			1200	1,000	

   The resulting accounting entry in FY 19X9 is as follows:

   Dr Cash 1,000
   Cr Accounts Receivable 1,000

3. If an agency disburses a grant in the 13th accounting period, the grant period is open, and the refund is received in the 13th accounting period, then a cash receipt coded to the 13th accounting period should be completed debiting vouchers payable adjustments and crediting expenditures. The deposit to the current fiscal year should be offset with a credit to vouchers payable adjustments.

Example: Fund 0300, Agency 010 disburses a grant from federal funds in the 19X8 13th accounting period. The grant is refunded back to Fund 0300, Agency 010 while the 19X8 13th accounting period and the grant period are still open.

The cash receipt to reduce vouchers payable and expenditures should be coded as follows:

ACCOUNTING PERIOD 13 X8 BUDGET FY X8

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			2901	1,000	D
0300	010	1100	23		1,000	I

The resulting accounting entry in FY 19X8 is as follows:

Dr Vouchers Payable Adjustment 1,000
Cr Grant Expenditures 1,000

The cash receipt to deposit the funds into FY 19X9 should be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			2901	1,000	

The resulting accounting entry in FY 19X9 is as follows:

Dr Cash 1,000
Cr Vouchers Payable Adjustments 1,000

4. If an agency receives a refund related to federal grants in a fiscal year subsequent to the fiscal year in which the original disbursement was made, the thirteenth accounting period for the year in which the original disbursement was made is closed, and the grant period is still open, then the refund should be deposited as a prior year refund of federal receipts, revenue source code 0828.

   Example: Fund 0300, Agency 010 receives a refund of disbursements in the amount of $1,000 in fiscal year 19X9. The disbursement was made in fiscal year 19X8 and the 13th accounting period for the 19X8 fiscal year is closed. The grant period related to the original disbursement is still open. The cash receipt to record the deposit of the refund should be coded as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	0828			1,000	

   The resulting accounting entry is as follows:

   Dr Cash 1,000
   Cr Refund of Prior Year Federal Receipts 1,000

5. If an agency receives a refund related to federal grants in a fiscal year subsequent to the fiscal year in which the original disbursement was made, the thirteenth accounting period for the year in which the original disbursement was made is closed, the grant period is closed, and the agency is required to submit the refund to the federal government, then the refund should be deposited to liability account 2004, “Due to Other Governments.” The payment voucher to issue the refund to the federal government should also be coded to liability account 2004.

   Example – Fund 0300, Agency 010 disburses a grant from federal funds in October 19X7 in the amount of $1,000. The grant is refunded back in January 19X9 and the grant period is closed.

   The cash receipt to deposit the refund should be coded as follows:

   ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			2004	1,000	

   The resulting accounting entry is as follows:

   Dr Cash 1,000
   Cr Due to Other Governments 1,000

The payment voucher to refund the funds to the federal government is as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010			2004	1,000	

The resulting accounting entry is as follows:

Dr Due to Other Governments 1,000
Cr Vouchers Payable 1,000

6. If an agency receives a refund related to federal grants in the same fiscal year in which original disbursement was made, the grant period is closed and the agency is required to submit the refund to the federal government, then the refund should be deposited as a refund of disbursements. The payment voucher to issue the refund to the federal government should be coded as a reduction of federal revenue.

Example - Fund 0300, Agency 010 disbursed a grant related to federal funds in October 19X7 in the amount of $1,000. The grant is returned in July 19X8 (the same fiscal year as the disbursement) and the grant period is closed.

The cash receipt to deposit the refunded grant should be coded as follows (assume the original disbursement was coded to object/sub-object 1100 23):

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	1100	23		1,000	

The resulting accounting entry is as follows:

Dr Cash 1,000
Cr Grants Expenditures 1,000

The payment voucher to refund the funds to the federal government should be coded as follows (assume the federal grant was deposited to revenue source 0830 when originally received):

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	0830			1,000	

The resulting accounting entry is as follows:

Dr Federal Revenues 1,000
Cr Vouchers Payable 1,000

7. In some instances, an agency will receive a refund related to federal grants and the grant period will be closed. The federal government will authorize additional expenditures under a current grant and reduce the future drawdown by the amount of the refund. The following describes how to code the refund:

   a. If the refund is received in the same fiscal year the original disbursement was made, then the refund should be deposited as a refund of disbursements.

      Example - Fund 0300, Agency 010 disbursed a grant from federal funds in October 19X7 in the amount of $1,000. The grant is refunded back in January 19X8 (the same fiscal year as the original disbursement). The grant period is closed; however, the federal government authorizes additional expenditures. The cash receipt to deposit the refunded grant should be coded as follows (assume original disbursement was coded to object/sub object 1100 23):

      ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	1100	23		1,000	

      The resulting accounting entry is as follows:

      Dr Cash 1,000
      Cr Grant Expenditures 1,000

b. If the refund is received in 13th accounting period of the same fiscal year in which the disbursement was made, two cash receipts are required. The first cash receipt should be coded to the 13th accounting period and should reduce federal revenues and expenditures. The second cash receipt should be coded to the current fiscal and should be coded to federal revenue as described in 8-18(A) Federal Grants and Reimbursements.

Example- Fund 0100, Agency 010 received federal funds in fiscal year 19X7 that were deposited to revenue source 0830. A grant was disbursed from the funds in fiscal year 19X7 in the amount of $1,000 that was coded to 1100 23. The grant was refunded in fiscal year 19X8 (the 13th accounting period for 19X7 is open) and the grant period is closed. The federal government authorized additional expenditures.

The first cash receipt to eliminate the federal revenues and expenditures recognized in FY 19X7 should be coded as follows:

ACCOUNTING PERIOD 13 X7 BUDGET FY X7

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	1100	23		1,000	I
0300	010	0830			1,000	D

The resulting accounting entry is as follows:

Dr Federal Revenue 1,000
Cr Grant Expenditures 1,000

The second cash receipt to record federal revenue in the current fiscal year should be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	0830			1,000	I

The resulting accounting entry is as follows:

Dr Cash 1,000
Cr Federal Revenues 1,000

c. If the refund is received in a fiscal year subsequent to the fiscal year in which the disbursement was made and the 13th accounting period for the year in which the original disbursement was made is closed, then the refund should be coded to a revenue source as described in 8-18(A) Federal Grants and Reimbursements.

The cash receipt would be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ___

FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/ D
0300	010	0830			1,000	I

The resulting accounting entry is as follows:

Dr Cash 1,000
Cr Federal Revenues 1,000