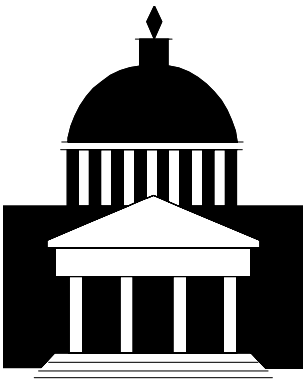
NJCFS Newsletter

OFFICE OF MANAGEMENT AND BUDGET
ACCOUNTING BUREAU

FALL 2004 Issue No. 45

FORM 1099



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In accordance with Internal Revenue Service regulations, the State of New Jersey is required to issue statements of miscellaneous income, Form 1099-MISC, for payments to individuals other than employees who have rendered a service or have received rent from the State and are compensated by checks issued through the NJCFS. A Form 1099-S is required for all vendors who receive payment for the sale of real estate to the State through Right-Of-Way or the Green Acres Program. A 1099-INT is required for all vendors who receive prompt payment interest of $600 or more during a calendar year.

The NJCFS generates the appropriate 1099s each January for the previous calendar year. The logic used to generate a 1099 is a combination of an indicator on both the Vendor Table (VEND) and the Object Table (OBJT). When agency fiscal office personnel generate payments to a vendor coded on VEND to receive a 1099 (1099: Y) using an incorrect object, such as a non-taxable object for payment for a taxable service or a taxable object for payment of a non-taxable service, an incorrect 1099 tax statement is generated.

An incorrect 1099 record is also created when a check is generated for payment in one calendar year but held by the agency rather than being forwarded to the vendor in that same calendar year. For example, a check is generated to a vendor for the sale of property in October 2004, but the check is held by the agency until the settlement is completed in February 2005. A 1099-S record for calendar 2004 will be generated by the system based on the check date of October 2004. The 1099-S generated for 2004 is incorrect because the vendor did not receive the check for the sale in 2004.

To insure the integrity of the 1099 forms generated by the NJCFS, it is important that agency fiscal office personnel:

1. Verify that the 1099 indicator on the VEND table for the vendor is correct.

2. Use the correct object when making a payment to a vendor. Refer to OBJECT TABLE (OBJT) column '1099' type to determine whether an object is coded as TAXABLE.

3. Checks should not be held by an agency beyond the end of a calendar year. If the check is not forwarded to the payee by the end of the calendar year, it must be refunded back into the account using a CR (Cash Receipt) document. The vendor ID number must be referenced on the CR document to remove the payment from the Vendor Income table (VINC).

Incorrect 1099 tax statements can cause potential time consuming and costly problems for a vendor. Following the above guidelines will reduce the number of erroneous 1099 forms. Questions related to 1099s should be directed to Cheryl Schwartz at (609) 292-0051 or at Cheryl.Schwartz@treas.state.nj.us.

MANUAL CANCELLATION OF BFY 1993-2002 OPEN ENCUMBRANCES

The OMB Accounting Bureau will begin canceling budget fiscal year 1993-2002 encumbrances that have been inactive since January 1, 2003, unless written justification for keeping each encumbrance open is provided. The cancellations will exclude federal appropriations, trust funds, and encumbrances with the transaction code of DO.

The Chief Fiscal Officers or their designees were informed of this initiative and provided with a list of potential cancellations. Written justifications for each encumbrance should be directed to the Accounting Bureau Manager, Leslie A. Notor.

If you have any questions concerning this project, please contact Ms. Notor at (609) 292-5040. For an Excel spreadsheet version of the list of potential cancellations, contact John Burrows at (609) 984-5217 or at John.Burrows@treas.state.nj.us.

TRAVEL APPROVAL TABLE (TVAP)

The NJCFS Travel Approval Table (TVAP) is used to record an optional approval deadline date for TE and TH travel authorization transactions. Records are removed automatically from this table by the system when a TE or TH with an APPROVAL DEADLINE FLAG of "Y" is posted on the NJCFS suspense file (SUSF). This table does not receive substantial agency use, because most TE and TH transactions are approved at the agency level based on internal processing workflows. OMB does not utilize this table when the Accounting Bureau review of a TE or TH is required.

Because the TVAP is not used widely and often creates a system maintenance problem when a TE or TH is not coded with an APPROVAL DEADLINE FLAG of "Y", the OMB Accounting Bureau is making plans to remove the TVAP from the NJCFS. If your agency makes use of the TVAP, please contact John Burrows at (609) 984-5217or at John.Burrows@treas.state.nj.us.

PRIOR YEAR LIABILITIES AND CLAIM CITATIONS

The Fiscal Year 2005 Appropriations Act contains provisions authorizing the Director of OMB to process payments to liquidate prior year liabilities and to pay claims. When these transactions are submitted to OMB for approval, they should include the following citation information:

Prior Year Liabilities -
P.L. 2004, Chapter 71, Section 31

Claims -
P.L. 2004, Chapter 71, Section 38

The accounting transactions used to make these payments **should not be fully approved** by the agency. OMB will apply the final level of approval to the transaction when the Director of OMB authorizes payment. Documentation packages for these transactions should be submitted to Michael W. Henry, OMB - Accounting Bureau, 33 West State Street - 5th Floor, P.O. Box 221, Trenton, NJ 08625. Questions related to these payments should be directed to Michael at (609) 292-0051 or at Michael.Henry@treas.state.nj.us

INBOUND PAYROLL TRANSLATION TABLE

Within the past year, OMB Accounting has contacted representatives from the agency/organization combinations below in an attempt to obtain justification for a number of exceptions found on the Inbound Payroll Translation Table (IXPR). Exception types include those where a federal payroll account is cross-walked to an NJCFS account without a reporting category code and those where the NJCFS appropriation unit assigned via the table does not equal the appropriation unit as assigned through the Inbound Crosswalk Appropriation Translation Table (IXAP).

010-3380
034-5095
062-4565
062-4570
066-1020
074-2535
082-2026

IXPR exception reports were sent to the central business offices of these agencies/organizations. All IXPR exceptions for the above agencies/organizations will be corrected by OMB as of the posting of pay period 24.

Unjustified salary charge translation exceptions must be corrected because they indicate the possibility that budgetary intent is being by-passed or that federal grant reporting may be incomplete.

If a new copy of an exception report is required or if a question exists as to this initiative, contact John Burrows at (609) 984-5217 or at John.Burrows@treas.state.nj.us.

INTRA-GOVERNMENTAL PAYMENTS VS. CHECKS

The use of intra-governmental payment transactions is required for transactions in which one State agency purchases goods or services from another. Exceptions are when cash must be moved between funds that have different bank accounts and when a current year account will be charged and a prior year account credited. In all other cases, the Using Agency Payment Voucher (UA) or Accounting Bureau Payment Voucher (AV) must be used.

The AV is to be used whenever the buying agency is paying against a purchase order or when it is necessary to cross budget fiscal years. This is accomplished by the buying agency establishing an Agency Order (AO) in the earlier budget fiscal year. The subsequent AV transaction must reference this AO. By coding the current budget fiscal year on the seller side of the transaction and the AO reference codes on the buyer side of the transaction, funds will move between the two fiscal years. This can only be completed when a current year account is being credited and a prior year account is being referenced on the AO.

Issuing checks for Intragovernmental payments results in costly and unnecessary paper processing as well as the opportunity for lost or stolen checks and the additional burden of reconciling and reporting on checks issued.

OMB's Audit Compliance Unit is reviewing transactions involving the issuance of checks between agencies and is making recommendations as appropriate.

TAXES AND TIPS INCLUDED IN MEALS AND INCIDENTAL EXPENSE PER DIEM RATES

Circular Letter 04-05-OMB authorizes Meals and Incidental Expense Per Diem to cover these expenses for employees while traveling on State business. The State of New Jersey adheres to the Meals and Incidental Expense Per Diem Rates established by the Federal Government (http://www.gsa.gov). The meals portion of the per diem rate covers expenses for breakfast, lunch, dinner, and related tips and taxes. The incidental expense portion of the per diem rate covers fees and tips given to porters, baggage carriers, bellhops, and hotel maids.

Questions concerning Per Diem Rates should be directed to Michael Bell at (609) 292-4826 or at Michael.Bell@treas.state.nj.us

QUESTION AND ANSWER

Q. Why does my document contain the error message DOCUMENT IN USE? How do I correct this error?

A. If you receive the error message DOCUMENT IN USE when trying to approve or process documents that have been previously processed or edited, it probably means that someone did not properly exit the document. After editing or approving, you should exit the document with the "E" command. Pausing or leafing does not properly exit you from documents. If you are certain that the document is not in use, the document must be freed before it can be accessed. Use the following method to access the document: Locate the document on the SUSF and enter "F" in the FUNCTION field. Make certain that "R" or "S" is displayed in the ACTION field. Place an "X" in the SEL column next to the document, and press enter. The document should be available for processing.

STAFF ASSIGNMENTS IN ACCOUNTING OPERATIONS - BUDGETARY CONROL

Accounting Operations - Budgetary Control

The Budgetary Control Unit is primarily responsible for assisting agencies with questions regarding Budgetary transactions (TA's, AP's and RB's) and revenue issues (CR's, IN's and RM's). Below is the updated contact list.

Patricia Fatatis - Section Supervisor, Budgetary Control/Travel 984-5207

Michael Bell - 292-4826

Agriculture
Community Affairs
Environmental Protection
Labor

Gina Francione - 984-9308

Banking & Insurance
Education
Health & Senior Services
Judiciary
Treasury
Interdepartmental

Judy Chen - 292-8964

Technical Support

Lynn Armano - Section Supervisor, Budgetary Control/Training 984-7794

Barbara Glasser - 292-8606

Chief Executive
Corrections
Human Services
Law & Public Safety
Legislature
Military & Veterans Affairs
Personnel
State
Transportation

Linda Campbell - 292-6391

Technical Support
NJCFS Training Coordinator

All questions regarding reserves or reverts, budget authority options, or carry forward language can be directed to either Patricia Fatatis or Lynn Armano. Any questions relating to travel can be directed to Michael Bell.