

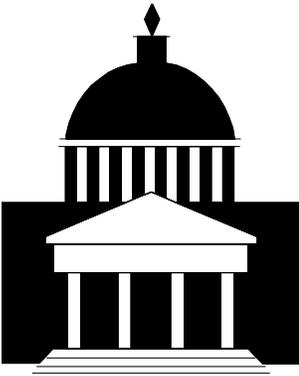
NJCFS Newsletter

OFFICE OF MANAGEMENT AND BUDGET
ACCOUNTING BUREAU

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HOLD CHECKS



The “hold” feature of the NJCFS provides users with the ability to interrupt the automatic mailing of check payments so that the designated checks are held for agency disposition. Hold checks are identified in the system by entering the appropriate two-digit numerical code in the Check Category field on the payment transaction. Consult the online Check Category Table (CCAT) for a listing of all valid check category codes.

for employee travel advances when timing of travel events does not permit the routine mailing of checks.

The hold feature should never be used for employee travel expense reimbursements or for any other payment situation for which the standard automated disbursement process is adequate. Significant cost savings can be realized and agency internal controls can be made more manageable by restricting the use of the hold check feature.

The Office of the State Auditor has focused on the use of unnecessary or unjustified hold checks at a number of agencies and has indicated to OMB that it will continue to review the hold check process. In addition, the OMB Accounting Bureau will again be contacting state fiscal offices with requests for greater justification of hold checks produced during calendar year 2004. See Circular Letter 94-17-OMB for additional information.

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Since the hold check process is a costly manual process and its overuse stresses the internal controls of a state agency in safeguarding the checks, the hold check process should be closely restricted to those situations that have a valid justification. Examples of payments that legitimately require the use of the hold feature include those: to foreign vendors when special handling and additional postage are necessary, to vendors when additional documentation must be attached to the check, for real estate closings when the check must be presented in person by the agency representative and

When to use the hold feature:

- Payments for overseas vendors requiring special handling and extra postage.
- Payments where additional documentation must accompany payment.
- Real estate transactions when a check must be presented in person.
- Employee travel advances when timing of the trip will not permit mailing of the check.

SPECIAL/CONFIDENTIAL AND PETTY CASH FUNDS

Special/confidential and petty cash funds are established in balance sheet accounts 1010 (special/confidential) and 1009 (petty cash). When any of these funds are closed, agencies should ensure that the cash receipt transaction results in a reduction to the proper balance sheet account.

Please refer to the appropriate Circular Letter 05-06-OMB, Special/Confidential Funds, and 05-03-OMB, Petty Cash Funds. Guidance on how to close a bank account can be found in Circular Letter 00-12-OMB. The renewal period is now through April 29th. Packages will be mailed to agencies in the month of March.

Questions regarding these funds can be directed to:

Special/Confidential Funds:
John Becza (609) 984-1533

Petty Cash Funds:
John Wu (609) 984-1534

IXRB TABLE ADDED TO NJCFs

A new crosswalk table, the Inbound Crosswalk Revenue Budget (IXRB) Table, has been added to NJCFs. This table contains revenue crosswalks from Budget Fiscal Year 2005 forward, and can be utilized by agencies to identify the appropriation account linked to a specific revenue account. The table is updated and maintained by OMB, and its format is similar to the existing IXAP Table - the left side of the table contains the IPB revenue account number information and the right side produces the NJCFs account information including revenue source and APU if applicable. For questions on this table, please contact Lynn Armano at (609) 984-7794.

APPROPRIATE USE OF TRAVEL VOUCHERS

The Office of Management and Budget (OMB) recently completed a review of agencies' use of Travel Vouchers Type M (TVM) and the use of the miscellaneous field on the Travel Voucher (TV). The review identified misuse of the TVM and the improper use of the miscellaneous field on the TV. Agencies were notified by memoranda about specific instances of misuse.

The purpose of this article is to explain the proper use of TVMs and the miscellaneous field on all TVs.

1. Attendance at conventions, conferences, staff training and seminars should not be processed on a TVM. The TVM (Regular Business/Mileage) should be used for regular state business that **does not** require the establishment of an event code. Regular state business travel is travel that is required in order to conduct the normal business functions of an agency and its staff. An example of this type of travel includes someone assigned to an office in Trenton attending a meeting at a departmental field office in North Jersey and incurring reimbursable mileage in a personal car.

2. The miscellaneous field on the TV should be used for reimbursement of incidental expenses (i.e. maid, bellhop and porter) only. Expenses for bus, taxi, parking and tolls should be recorded under the ground transportation field. Train fare should be recorded as ground transportation on a TVM only.

If you have any questions regarding these guidelines, please contact Michael Bell at (609) 292-4826.

PROMPT PAYMENT

In accordance with the Prompt Payment Act, the annual Prompt Payment summary report has been sent to those agencies that have incurred Prompt Payment interest for calendar year 2004. The reason the interest payment could not be avoided must be indicated on the report. The Prompt Payment Reason Table (PPRE) lists the most frequently used reasons for incurring interest. The report must be returned to OMB by April 11, 2005.

It is important for agencies to monitor the Prompt Payment Interest Table (PPIN) on a daily basis. Daily monitoring of PPIN will minimize the risk of interest checks being issued in error. If agencies have reason to stop the interest payment, they should do so by entering **H** in the status field and **98** in the reason code field. A memo indicating the reason the vendor is not entitled to the interest and a screen print of the violation on the PPIN should be faxed to: Cheryl Schwartz at (609) 984-5210. If a vendor is entitled to receive the interest, the agency should enter a reason (found on the PPRE) in the reason code field on the PPIN. By assigning the reason at the time of the violation, the additional step of supplying the reasons on the year-end summary report can be avoided.

NEW PER DIEM RATES

The federal government has issued new per diem rates for hotel and meal expenses effective October 1, 2004. These rates apply to the federal fiscal year 2005. The State of New Jersey continues to adhere to the federal per diem rate schedule for all employee travel. Federal per diem rates can be found on the Internet at the following site:

<http://policyworks.gov/perdiem>

This site is updated by the federal government each year; in addition, periodic individual changes are posted throughout the year.

1099 FORMS FOR NJCFs

In January, 1099 forms generated by NJCFs were mailed. Inquiries concerning the forms can be directed to Richard Mutek at (609) 292-4786 or Cheryl Schwartz at (609) 292-4820. Written inquiries from the recipient of the 1099 can be mailed to:

Bureau of Accounting -1099
33 W. State Street – Fifth Floor
PO Box 221
Trenton NJ 08625-0221

Inquiries can also be faxed to (609) 292-4882.

NOTE: The address and phone numbers listed above are for NJCFs 1099s only. Questions concerning 1099 forms issued by other agencies (e.g., Lottery, Rental Assistance) should be directed to the appropriate agency. All NJCFs 1099 forms have 'NJCFs' in the first line of the payer block of the actual 1099 and 'NJCFs' on the second line of the return address on the envelope.

FEDERAL GRANTS

OMB recently presented Advanced Grants Training. This training is based on Circular Letter 05-02-OMB, *Federal Funds*, which contains significant changes from the superseded version. Please contact your internal agency training coordinator if you are interested in a future class on this subject.

OMB requests that agencies submit a listing of supervisors and staff who are responsible for completing federal grant reconciliations and ensuring compliance with federal Circular A-133 Compliance Supplements. OMB will use these listings for follow-up purposes.

Agencies are reminded to contact Bill Maughan at (609) 292-5004 to establish or update access to the Central Contractor Registry (CCR), which is required before agencies can apply for grants on the federal web site www.grants.gov.

QUESTION AND ANSWER



Q: When I entered a Y in the Single Check Flag of my multiple-line NJCFs payment voucher, a check was generated for each of the lines. I really only wanted one check for my multiple lines. How did this problem occur?

In addition, I once placed a check category code on a multiple-line NJCFs payment voucher so that I would receive a “hold check” that I could mail to a foreign vendor with additional postage. I then received one check for each of the lines of my payment voucher. How did this problem occur?

A. The Single Check Flag of the NJCFs payment voucher has often created confusion for inexperienced users of NJCFs. Many novice users interpret the Single Check Flag as being made available solely to avoid having the payment lines of their payment voucher combined with the line or lines from other agency payments. NJCFs currently will combine up to five payment voucher lines on one check. These lines may come from any number of payment vouchers that reference the same vendor code, including payments from five separate agencies.

A Single Check Flag of Y not only keeps the payment lines of the payment voucher from being combined with other agency payments but also generates a single check for each payment line. Therefore, a payment voucher of 20 payment lines and a Single Check Flag of Y will generate a wasteful 20 separate checks.

This occurs because the basic disbursement processing unit of NJCFs is the payment voucher line record. All payment voucher lines are reflected on the Open Payment Vendor Line (OPVL) table with a check number and check date. Each unique Payee Reference for each line is written to the NJCFs check stub and Automated Clearing House (ACH) payment transmitted to the bank. Also, open payment voucher lines can be decreased, increased, or cancelled independent of all associated lines from the same payment voucher.

The header section of a payment voucher holds much of the general information that pertains to each of the lines of the voucher. Therefore, when a Single Check Flag is entered on the header area of an NJCFs payment voucher, all of the lines of the payment voucher are impacted and held. This is why you ended up with multiple checks.

Your second issue concerning the automatic generation of multiple hold checks when utilizing a check category on a multiple-line voucher can also be frustrating to the inexperienced. The key to remember in this situation is that the use of any check category code prompts the NJCFs to infer a Y in the Single Check Flag. Again, this impacts all lines of the voucher. This inference is a necessary occurrence, because NJCFs must avoid unintentionally holding any other payment to the same vendor.