

SECTION 7: EXPENDITURE OPEN ITEMS

Overview

INTRODUCTION

Section 7: Expenditure Open Items provides a general overview of and detailed procedures for processing expenditure open item transactions in AKSAS. This Section includes procedures for establishing and changing encumbered expenditure, scheduled payment, and accounts payable open items.

Encumbered Expenditure (EN)

Encumbered expenditure open items record planned expenditures, which are obligations of a portion or all of an appropriation for a specific purpose. When the encumbered expenditure open item is recorded, the encumbered amount is reserved (accounted for as obligated balance). Encumbered expenditure open items are partially or fully liquidated by warrant, electronic payment, wire transfer, or journal entry transactions. When the expenditure is recorded, the encumbrance is liquidated and the net available balance of the appropriation is reduced by the expenditure amount.

Scheduled Payment (SP)

Scheduled payment open items record automatic monthly installment payments for equal amounts issued on a preestablished monthly payment date. Scheduled payments are recorded through two transactions. The 150-10: Add Scheduled Payment transaction creates the scheduled payment open item and records payment information specifying the vendor, payment amount, date of payment, and remittance advice. The 110-10: Add Encumbered Expenditure transaction identifies and obligates the appropriations to which the payments are charged and provides the financial coding for recording the installment payments.

Accounts Payable (PY)

Accounts payable open items record accrued liabilities of the state (amounts owed that are accrued over time and periodically disbursed). Accounts payable are recorded through two transactions. The 120-10: Add Payable transaction creates the payable open item and records descriptive and reference information. The 430-11: Agency Journal Entry - Miscellaneous transaction provides the financial coding to record the payable in the appropriate liability and offsetting expenditure accounts.

Other Expenditures

All other expenditures are recorded through warrant, electronic payment, wire transfer, or RSA (Reimbursable Services Agreement) transactions. Refer to *Section 8: Payments* or *Section 12: Reimbursable Services Agreements* for more information.

Open Item Number Assignment

Open item numbers are seven-digit numbers assigned by the agency. The first two digits of an open item number are the department number, the third digit is the last number of the fiscal year, and the remaining four digits are assigned by the agency, generally sequentially by each fiscal year. Agencies should maintain open item logs to track open item numbers.

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Open Item Inquiry

All expenditure open items are maintained in the Open Item File and can be viewed online through IO - Open Item Inquiry (select IO on the AKSAS Main Menu). Detail can be displayed for a specific open item or a list of open items can be displayed by financial activity, reference types, or financial coding.

AUTHORITY

AAM 30.010 - 040 Encumbrances

TERMINOLOGY

Accounts Payable (PY) - An AKSAS liability open item type used to accrue amounts owed to vendors of the state and other payees over time.

Agency Journal Entry - Balanced debit and credit entries used to record increases and decreases in the balances of fund assets, liabilities, and equities; correct entries for revenue and expenditure transactions; and liquidate or adjust the liquidation of open items. Agency journal entries are also used to record financial coding for accounts payable open items.

Disbursement - Payment issued for a valid obligation of the state to a vendor and other payee.

Encumbered Expenditure (EN) - An AKSAS open item type used to earmark a set amount of funds for payment of a particular project or purpose. Also called an encumbrance.

Encumbrances Outstanding - Refers to encumbrances existing on the Open Item File in AKSAS.

Expenditure - The disbursement of funds for capital, operating, and other charges or costs identified by the nature of the cost (personal services, commodities, etc.) and by the type of goods or services purchased.

Liability - Obligations of the state presented on the balance sheet such as warrants outstanding and accounts payable.

Liquidation - Reduction of an open item balance, either by releasing a portion or all of the balance, or by charging an expenditure against the balance.

Obligation - An amount the state is legally required to meet out of its resources.

Open Item - Accounting record that keeps track of financial activity over time. Expenditure open items include accounts payable, encumbered expenditures, and scheduled payments. Revenue open items include agency and treasury receipts, encumbered revenues, and accounts receivables.

Open Item File (OIF) - File in AKSAS that provides information on all existing open items.

PVN (Pay Vendor Number) - A reference type used in warrant and open item transactions to identify the payee. The associated reference number must be a valid eight-character (three-alpha, five-numeric) vendor number on the Vendor Master File or a temporary vendor number.

Remittance Advice - Information printed on the warrant stub regarding the payment.

Scheduled Payment (SP) - An AKSAS open item type used to record automatic monthly installment payments for equal amounts issued on a preestablished monthly payment date.

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Unobligated Balance - The total authorization net of actual expenditures and outstanding encumbrances. The unobligated balance is the amount of an appropriation available for planned (encumbered) or actual expenditures.

Warrant - An obligation of the state drawn from a specified financial institution.

AKSAS TRANSACTIONS

110-10: Add Encumbered Expenditure - Used to add an open item for an encumbered expenditure. This transaction defines the accounting structure to which planned expenditures are recorded when disbursed.

110-20: Change Encumbered Expenditure - Used to modify existing encumbered expenditure open items to reflect changes to the current balance, descriptive data, references, and/or financial coding.

120-10: Add Payable - Used to add an open item for an accounts payable. This transaction creates a shell containing descriptive data and references. A corresponding agency journal entry records the financial coding for an accounts payable open item.

120-20: Change Payable - Used to change descriptive and reference data and delete financial lines with zero balances for an existing accounts payable open item. An agency journal entry transaction is used to add or change accounts payable financial lines.

150-10: Add Scheduled Payment - Used to add an open item for a scheduled payment. This transaction records automatic monthly installment payments for equal amounts issued on a preestablished monthly payment date. The corresponding encumbered expenditure records the financial coding for a scheduled payment.

150-20: Change Scheduled Payment - Used to change descriptive, reference, and installment payment data for an existing scheduled payment open item. A change encumbered expenditure is used to add, change, or delete the financial coding associated with a scheduled payment open item.

430-xx: Agency Journal Entry - Used to record the original balance, increase or decrease the current balance, and record or change the financial coding for an accounts payable open item. Also used to correct open item liquidation errors or to liquidate an encumbrance associated with an interagency transfer.

505-10: Add Vendor - Used to set up a vendor record on the Vendor Master File. A vendor number must be established to record a scheduled payment for that vendor.

920-10: Voucher Scheduled Payment - A transaction generated by AKSAS to issue the monthly installment payment warrant for a scheduled payment open item. This transaction liquidates the encumbered expenditure open item identified in the scheduled payment open item.

924-10: EDI Voucher Scheduled Payment - A transaction generated by AKSAS to issue the monthly installment EDI payment warrant for a scheduled payment open item. This transaction liquidates the encumbered expenditure open item identified in the scheduled payment open item.

REPORTS

Both online and hard copy open item reports are available. Online reports are available through AKSAS Open Item Inquiry (IO) and Online Audit Trail (RO). Hard copy reports are available through AKSAS Report Request Maintenance (RR) and GENEVA Reporting.

AKSAS Online Reports

IO - Open Item Inquiry - Used to display a variety of open item information including:

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Open Item Detail - Displays original and adjusted amounts, total liquidations, current balance, description, references, financial coding, and other related information for a specific open item number.

Open Item Activity - Displays the process date, transaction code, description, transaction amount, source RD code, and document number for activity related to a specific open item number.

Open Item by Reference - Displays a list of open items for a specific reference type and number.

Open Item by Entity - Displays a list of open items, including line number, financial coding, and balance for a specific entity type and number.

Open Item by CC/LC/EP - Displays a list of open items, including line number, financial coding, and balance for a single or range of collocation codes, ledger codes, or external program codes.

NOTE: Scheduled payment open items cannot be displayed by entity or by CC/LC/EP as financial coding is not contained in the scheduled payment open item.

RO - Online Audit Trail - Used to display a user-defined audit trail of financial information for open items and related transactions.

AKSAS Hard Copy Reports

Transaction Index Listing (B30001) - Provides a list of transactions processed in AKSAS. Specific RD codes and lower levels, transaction status, transaction codes, and/or source system ID may be specified in the report request.

Financial Transaction (FTP) Register (B30003) - Provides transaction detail for financial transactions processed in AKSAS. Report data is requested by specific RD codes and lower levels, transaction status, transaction codes, and/or source system ID. The report lists all financial line information for each transaction, including offsetting entries generated by AKSAS.

Open Item Detail (B61002) - Lists original and adjusted amounts, total liquidations, current balance, description, references, financial coding, and other related information for requested open items. With this report you can select multiple open items or a range of open item numbers.

Open Item Xref Report (B66002) - Lists open items, including description, source RD code, original document number, date established, date of last activity, original amount, total liquidations, and balance for the entity number(s) requested. With this report you can select multiple entities or a range of entity numbers.

GENEVA Reporting

GENEVA may be used to create user-defined views of open item reference and financial data. For more information, refer to *Accounting Procedures Manual, GENEVA Reporting*.