

SECTION 12: REIMBURSABLE SERVICES AGREEMENTS

Overview

INTRODUCTION

Section 12: Reimbursable Services Agreements provides a general overview and detailed procedures for both the requesting and servicing agencies to process reimbursable services agreements (RSA). This section includes guidelines to determine when an RSA is necessary and procedures to complete the RSA form, record an RSA open item transaction in AKSAS, and execute a payment or billing for the RSA. Procedures are also provided for processing amendments to, and closing out, RSAs.

A reimbursable services agreement is a contractual agreement between two agencies or two budget entities within one agency. All RSAs require a service to be provided and must comply with the *OMB Policy Statement, Revised Program Type 5, Reimbursable Services Agreement* published by the Office of Management and Budget (OMB).

Exceptions to the RSA Process (Use AJE 430-40)

OMB has determined when an RSA should be used. Exceptions are defined in the *Exceptions to the RSA Process (Use AJE 430-40)* contained in the *OMB Policy Statement*.

Interagency transfers that are not reimbursable services agreements are recorded with 430-40: Agency Journal Entry transactions to provide consistency across state agencies for review and reporting purposes. The 430-40 transaction is also used for expenditure/abatement (expenditure reduction) transfers as defined in the *Alaska Administrative Manual (AAM) 40.010 - Revenue Term Definitions*.

Operating Appropriations

RSAs funded from operating appropriations must be completed within the fiscal year in which the funds were appropriated. The completion date cannot extend past June 30. The completion date for an RSA may not be used to administratively extend an operating lapse date or to approve accounting exceptions. In situations where services extend past June 30, or invoices are paid after June 30, refer to *AAM 25.160 - Fiscal Year Obligations*.

Unbudgeted RSAs for operating programs can be recorded in AKSAS as a separate appropriation (AR) entity reporting to the agency's unbudgeted RSA operating structure or recorded as a separate AR entity reporting directly to a related operating AR.

Capital Appropriations

Services funded by capital appropriations adhere to the commencement and completion dates of the service as defined on RSA Form 02-098. RSAs that use capital appropriations to fund personal services must have a completion date on or before June 30. RSAs that use capital appropriations to fund nonpersonal services expenditures may extend past June 30. Exceptions to this policy must be approved in advance by OMB.

RSAs must be used to fund unbudgeted personal services costs charged to a capital appropriation. Separate RSAs are required when operating and capital funds are used for the same project: one RSA accounts for capital funds between the requesting and servicing agencies' capital budgets and another RSA accounts for unbudgeted personal services charged to a capital project. Exceptions to this policy must be approved in advance by OMB.

General Process

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RSAs are established using OMB's standard RSA Form 02-098. This form is available through the Department of Administration, Division of General Services, Forms Management, and as a Microsoft Excel spreadsheet through OMB. Modifications to the RSA form are prohibited. Additional information required by an agency should be attached to the RSA form as an appendix.

If both agencies use AKSAS, an RSA open item is established and payments are made with an execute RSA transaction. In instances where one party does not use AKSAS, an encumbered expenditure open item (requesting agency) or an encumbered revenue open item (servicing agency) is established in AKSAS.

RSAs between two state agencies use Interentity Account Cross-References (IEAX) to keep track of where the interentity financial activity should be consolidated in each of the financial reporting structures. Most agencies enter the IEAX pointer on expenditure financial lines. The following procedures document the IEAX field as entered by the requesting agency on the expenditure lines. However, AKSAS allows the IEAX pointer to be entered on either expenditure or revenue financial lines as long as the sum of revenue line amounts equal the sum of expenditure line amounts. Refer to *Establish a Reimbursable Services Agreement, Exhibit 12.A - IEAX Field on Add RSA Transactions* and *RSA Amendment or Closeout, Exhibit 12.B - IEAX Field on Change RSA Transactions* for more information.

Both agencies assign an agency document number (ADN) to the RSA open item to facilitate tracking. The ADN is used by OMB to log, track, and file the document.

Approvals

RSA Form 02-098 must be completed and signed by all parties, including the requesting and servicing agencies and OMB, if necessary, prior to commencement of the work. When OMB approval is required, the original Form 02-098, signed by both the requesting and servicing agencies, is submitted to OMB. Both the requesting and servicing agencies maintain a copy of the RSA form and applicable backup.

The oversight process by OMB varies depending on the dollar value and budgeting specifics of each RSA. In general, the following applies:

- RSAs not exceeding a cumulative amount of \$100,000 do not require OMB review or approval. OMB has delegated this authority to the department level. The authorized delegated authority for the servicing agency signs on the OMB Authorized Signature line on Form 02-098.
- RSAs budgeted by both agencies do not require OMB review or approval.
- RSAs for cumulative amounts greater than \$100,000 and not budgeted by both agencies do require OMB review and approval.

Before establishing an RSA, refer to the *OMB Policy Statement* for details on when OMB approval is required.

RSA Amendments

If an amendment to an RSA changes the amount or scope of the original agreement, RSA Form 02-098 must be completed to document the amendment and a change transaction must be processed to modify the existing RSA open item. Refer to *RSA Amendment or Closeout* in this Section.

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AUTHORITY

AS 36.30.730	Supply of personnel, information, and technical services
AS 37.07.080 (e)	Program execution
2 AAC 12.700 (b-c)	Requests for Personnel, Information, and Technical services
AAM 25.160	Fiscal Year Obligations
AAM 40.010	Revenue Term Definitions
AAM 40.060	Reimbursable Services Agreement (RSA)
OMB Policy Statement	Revised Program Type 5, Reimbursable Services Agreement

TERMINOLOGY

Active Financial Line - A term used to refer to the financial lines in an add or change RSA transaction that contain financial amounts and/or numerators and IEAX cross-references to passive financial lines. Generally, the expenditure financial lines entered by the requesting agency are the active lines in an RSA transaction. Also see the definitions for **IEAX** and **Passive Financial Line**.

Amendment - A change in the amount or scope of a reimbursable services agreement.

BRU - An acronym for Budget Request Unit. A state government unit for which a formal budget must be prepared. Usually this is the appropriation level.

Budget Entity - The appropriation or allocation level.

CIP - An acronym for Capital Improvement Project. A term used to describe a capital project appropriation. This type of appropriation can extend beyond the current fiscal year and is generally set up for a period of five years, but can be extended as defined in *AS 37.25.020 - Unexpended Balance of Appropriations for Capital Projects*.

Closeout - The process of finalizing a completed reimbursable services agreement by liquidating any balance remaining in the open item. An amended Form 02-098 is processed for the closeout if required according to department procedures.

Component - A subunit of a BRU. Usually this is the allocation level.

Encumbered Expenditure - An AKSAS open item type used to earmark a set amount of funds for payment of a particular project or purpose.

Encumbered Revenue - An AKSAS open item type used to designate a set amount of funds to be received from a particular project or purpose.

Execute - To record an expenditure for the requesting agency and a receipt for the servicing agency by processing an execute RSA transaction against an RSA open item. The execute RSA transaction liquidates the encumbered expenditure and the encumbered revenue.

Intra-agency RSA - An RSA within the same two budget entities of the same agency.

IEAX - An acronym for Interentity Account Cross-Reference. IEAX is used by AKSAS to keep track of where the interentity financial activity should be consolidated in each financial reporting structure.

OMB - An acronym for the state Office of Management and Budget, a division within the Office of the Governor.

Passive Financial Line - A term used to refer to the financial lines in an add or change RSA transaction that do

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not contain financial amounts and/or numerators or IEAX cross-references. Passive financial lines are referenced in the IEAX field of the active financial lines. AKSAS applies the financial amount from the active financial line to the passive financial line. Generally, the revenue financial lines entered by the servicing agency are the passive lines in an RSA transaction. Also see the definitions for **IEAX** and **Active Financial Line**.

Reimbursable Services Agreement (RSA) - A contractual agreement between two agencies or two budget entities to provide a service for reimbursement.

Requesting Agency - The agency requesting a service from another agency creating the need for a Reimbursable Services Agreement. The requesting agency generally records the expenditure side of an RSA transaction.

RSA - An acronym for Reimbursable Services Agreement.

Servicing Agency - The agency providing a service to another agency according to the terms of a Reimbursable Services Agreement. The servicing agency generally records the revenue side of an RSA transaction.

AKSAS TRANSACTIONS

140-10: Add RSA - Used to establish an open item for an RSA. This transaction encumbers the expected expenditure for the requesting agency and the planned revenue for the servicing agency.

140-20: Change RSA - Used to change an existing RSA open item to reflect an amendment or closeout to the original agreement.

145-xx: Execute RSA - Used to process a payment for an RSA. This transaction records an expenditure for the requesting agency and a receipt for the servicing agency.

110-10: Add Encumbered Expenditure - Used by the requesting agency to record an open item for the expected expenditure for an RSA when the servicing agency does not use AKSAS.

110-20: Change Encumbered Expenditure - Used by the requesting agency to change an existing encumbered expenditure to reflect an amendment to or closeout of the original RSA when the servicing agency does not use AKSAS.

310-10: Add Warrant Request - Used by the requesting agency to process a payment for an RSA when the servicing agency does not use AKSAS.

115-10: Add Encumbered Revenue - Used by the servicing agency to record an open item for the planned revenue from an RSA when the requesting agency does not use AKSAS.

115-20: Change Encumbered Revenue - Used by the servicing agency to change an existing encumbered revenue to reflect an amendment to or closeout of the original RSA when the requesting agency does not use AKSAS.

210-10: Add Agency Receipts - Used by the servicing agency to record a receipt when payment for an RSA is received from a requesting agency that does not use AKSAS.

520-xx: Appropriation Budget - Used by the servicing agency to establish the budget for an unbudgeted RSA or to allocate a budgeted RSA to new RSA financial coding.

605-10: Add Collocation Code - Used by the servicing agency to establish collocation code(s) for the RSA appropriation.

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610-10: Add Ledger Code - Used by the servicing agency to establish ledger codes to track RSAs if required according to department procedures.

615-10: Add Appropriation - Used by the servicing agency to establish a separate appropriation entity to account for an RSA.

640-10: Project Code - Used by the servicing agency to establish project codes to track RSAs if required according to department procedures.

681-10: Add Expenditure by Account Control - Used by the servicing agency to add expenditure account controls to the RSA appropriation entity.

FORMS

RSA Form 02-098

REPORTS

Both online and hard copy RSA 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. RS (Reimbursable Services Agreement) is entered as the open item type. Used to display a variety of open item information including:

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

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

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

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

RO - Online Audit Trail - Used to display a user-defined audit trail of financial information for RSA 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.

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Open Item Detail (B61002) - Lists original and adjusted amounts, total liquidations, current balance, description, references, and financial coding, as well as other related information. Multiple or a range of open item numbers can be selected with this report.

Open Item Xref Rpt (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. Multiple or a range of entity numbers can be selected with this report.

GENEVA Reporting

The following GENEVA views are routed to OMB:

View Definition 7985 - Displays detail about budgeted RSAs established using 520-23 transactions.

View Definition 7988 - Displays detail about unbudgeted RSAs established using 520-53 and 520-63 transactions.

Geneva Reporting may also be used to create user-defined views. For more information, refer to the *Accounting Procedures Manual, GENEVA Reporting*.