Appendix H

Central System Processing

The central financial system used to process General Revenue Fund (GRF) financial transactions is called the Multi-Informational Database Applications (MIDAS). This appendix addresses some basic MIDAS processes and it is anticipated that many of these processes will be included in individual Accounting Manual sections as they are developed.

For additional MIDAS details, the MIDAS training manuals and the MIDAS On-Line Help can be referenced.

Section 1 – MIDAS Introduction

MIDAS has the following modules:

- General Ledger (GL) – For processing journal entries including bank deposits, miscellaneous cheque writer payments and other transactions where no supplier information is required (e.g., accruals for payments under $1,000). The GL is also updated from other modules. It tracks budget and encumbrance detail and is used to review budget, actual and encumbrances balances and funds available.
- Accounts Payable (AP) – For processing invoices for payment purposes, recording supplier credits and all other transactions where supplier information is required, including most accrual entries.
- Purchasing – For recording purchase requisitions, purchase orders, and the receipt of goods and services.
- Human Resource/Payroll (HR/Payroll) – For recording human resource and payroll transactions, including adjustments and accruals.
- Accounts Receivable (AR) – For recording receivables by those ministries that use the AR Module.
- Public Sector Budgeting – For the preparation of ministry base revenue estimates, the preparation of expenditure, revenue and FTE (full-time equivalent) budget detail based on approved government Estimates, and expense and revenue forecasting.
- Fixed Assets (FA) – For recording the addition, transfer, adjustment and retirement of fixed assets. It is used to calculate amortization and create journal entries by the ministries that use the FA module.

Section 2 – Deposits

The process for entering deposits to GRF bank account is as follows:

- Moneys received by the ministry are recorded in the cash mail record.
- Receipts are prepared, if required, and are distributed.
- Deposit slips are prepared, ensuring the deposit equals the total of the cash mail record and receipts.
- Moneys are deposited.

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Appendix H

Section 2 – Deposits *(continued)*

- Individual receipts are coded with chart of accounts coding.
- Each deposit to the GRF bank account must be entered as a separate GL journal in MIDAS. The bank deposit number on the deposit slip must be entered in the description field of the journal entry line containing the natural account 100000).
- Ministries are to ensure deposits agree to the journal entry.
- The Document Control Log is completed.
- GL bank deposit journal entries are entered and posted. Posting is done either manually or through nightly auto post.
- The Journals General (180) Report is available to ministries. This report lists daily revenue transactions.
- Ministries ensure the data and amount shown on their cash mail record and bank deposits agree with the date and amount shown on the Journals General Report.

Section 3 – Payments

MIDAS makes payments by cheque or direct deposit to "suppliers" or through clearing accounts for interministry payments during regular scheduled MIDAS payment runs.

Public Accounts Payees

The Public Accounts payee field on MIDAS may be used to record the original payee where a third party is to receive the payment rather than the original payee. A Public Accounts payee is the original recipient (e.g., employee, board member, supplier) even though the payment is being made to a third party. For example, in a wage garnishee situation, the employee is the Public Accounts payee. When a Public Accounts payee is used, the Public Accounts capture the payment as having been made to the original payee.

Set-offs

Public Accounts payees may also be used when a ministry is processing a payment to a supplier that is being set-off against an accounts receivable of another ministry. The invoice transaction should show the creditor ministry (i.e., ministry with the amount owing from the original supplier) as the payee and the original supplier as the Public Accounts payee.

Supplier Maintenance

Financial Systems Branch (FSB), Provincial Comptroller's Office, Ministry of Finance maintains the MIDAS Supplier Table. A supplier record on the MIDAS Supplier Table is required to make payments and to generate purchase orders. Ministries must send FSB a completed Supplier Maintenance form in order to set up a new supplier or revise an existing supplier record.

The approval of the permanent head or delegate is required on the [Supplier Maintenance Form](#) for updates to the MIDAS Supplier Table. Ministries are responsible to validate the authenticity of new suppliers (this is done by an employee other than the person requesting the supplier to be set up).

Appendix H

Section 3 – Payments *(continued)*

Supplier Maintenance *(continued)*

For ministry systems that interface with MIDAS, spreadsheets can be used to submit multiple updates for program suppliers or payees. Ministries must receive prior approval from FSB before submitting a spreadsheet and must ensure that all suppliers/payees have been verified and approved. Each spreadsheet must be accompanied by one "blanket" Supplier Maintenance form containing prepared by, verified by and authorized by signatures.

The FSB requires each ministry to provide a list of their authorized signers that can approve a Supplier Maintenance form. This person authorizes the setup of a supplier in MIDAS and is responsible to ensure that there is a reasonable expectation of an immediate payment obligation to pay the supplier.

Annually FSB will send out a memo asking Ministries to submit an updated authorized signers form. During the year, any changes to add or remove authorized signers must be approved by the Ministry's permanent head or delegate and can be submitted to the MIDAS Help Desk on an Authorized Signer for MIDAS Supplier Updates form.

MIDAS Payment Runs

For the primary operating unit, FSB processes MIDAS payment runs every business day, usually by 8:00 a.m.

Direct Deposit and Electronic Remittances

Payments to regular suppliers (i.e., employees, grant recipients and many suppliers of goods and services) are generally made by direct deposit. Ministries should encourage their suppliers to sign up for direct deposit with electronic remittances.

Suppliers must complete a [Direct Deposit Payment Request Form](). Suppliers paid via direct deposit can choose to receive their payment advice (remittance) electronically by providing their email address. The form is sent to FSB (i.e., fax, email or regular mail) for input to MIDAS. Suppliers that are set up for direct deposit payments and receive deposit advices in the mail can request to receive electronic remittances by emailing the MIDAS Help Desk.

To ensure a payment is included in the 8:00 a.m. payment run the day before the scheduled payment date, ministries must enter and validate invoices two days before the scheduled payment date. The scheduled payment date is the date the payment is to be deposited into a supplier's bank account. For example, if the scheduled payment date is Friday, then the invoice needs to be validated prior to the Thursday morning payment run (i.e., generally, by 5:00 p.m. on Wednesday).

Changes to a supplier's bank account are made through a [Direct Deposit Payment Request Form]().

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Section 3 – Payments *(continued)*

Special Handling for Cheques

When a ministry requests Special Handling Code 1, the cheque is returned to the ministry for distribution, rather than being directly mailed to the recipient. Use of Special Handling Code 1 for cheques should be minimized and only requested in exceptional circumstances.

The approval of the ministry Corporate Services Head or Manager of Financial Operations must be indicated on the request, as well as the reason for the request and an explanation why normal cheque processing (i.e., mailed immediately to payee after signing) is not feasible. Segregation of duties must be maintained (see FAM section 3610 Controls over Bank Accounts, paragraphs .11 to .13). Cheques held for distribution must be safeguarded and protected against loss.

Ministries are to maintain a central log that includes, in addition to the approval and explanation for the use of Special Handling Code 1, cheque details, including the payee, date, amount, cheque number and the signature of the individual that takes possession of the cheque. Ministries are to perform a monthly comparison of the control log to MIDAS reports to ensure that all cheques returned to the ministry as indicated on MIDAS have been recorded in the control log and approved. Any discrepancies must be followed up promptly. The Corporate Services Head must sign and date the control log as evidence of the follow–up and review.

Merchant Fees

Organizations providing credit/debit card services (merchants) to ministries collect merchant fees monthly by charging (debiting) a ministries credit/debit card clearing bank account. Debit/credit card clearing bank accounts are to be reimbursed for the amount charged (debited) by the merchant to ensure merchant fees are accounted for correctly. The process for properly recording merchant fees is as follows:

- Establish the ministries debit/credit card clearing bank account as a supplier by completing a Direct Deposit Payment Request Form (e.g., Royal Bank – name of bank account).
- Reimburse the monthly amount charged (debited) to the debit/credit card clearing bank account, by the merchant, through direct deposit. Complete a Standard Payment Form with the debit/credit card clearing account as the name of the supplier (e.g., Royal Bank – name of bank account).
- Ensure all merchant fees are to be coded to the Bank Service Charges natural account (558320) and that the description field contains the month that the merchant charges pertain to.

Section 4 – Payment Scheduling

MIDAS has a default feature for releasing payments.

Default Payment Terms

Payment is automatically scheduled according to the default supplier term dates at invoice entry.

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Section 4 – Payment Scheduling *(continued)*

Default Payment Terms *(continued)*
In order to ensure supplier payments are made according to the Government's 30-day policy, the default payment terms date is 30 days for direct deposit payments (i.e., direct deposits are released on day 30) and for cheques, 26 days (cheques are printed and mailed on day 26).

Default payment terms date is zero days for revenue refunds and where suppliers are employees, members of boards or commissions or are paid under personal service contracts, including remuneration, business expenses, travel costs and advances.

MIDAS can facilitate a default lag, by supplier, other than the defaults listed above; however, other default payment terms must be approved by the Financial Management Branch (FMB), Provincial Comptroller's Office, Ministry of Finance and set up by FSB.

MIDAS provides an exception process for scheduling payments. This feature must be used with care, as releasing payments earlier than policy leads to inconsistent treatment of suppliers and ineffective cash management.

Scheduling Payments
MIDAS can also facilitate making a payment on a specific date (e.g., January 1). Ministries control the use of this feature. Ministries are able to override the default terms of the supplier when working on the scheduled payment screen of the invoice entry form. Overriding the default terms is to be minimized and ministries are responsible to ensure appropriate use. It is intended for specific circumstances (i.e., where payment is required on a specific date based on policy, a contract, an agreement or legislation). Examples include:
- transfers, grants or similar payments (refer to FAM section 3142 Timing of Grant Payments);
- payments for allowances and care of individuals;
- supplier contracts with unique payment terms; and
- subscriptions, course registration fees, licences or other items which must be prepaid.

Section 5 – Capturing System Dates

Ministries are responsible for capturing three system dates: the invoice date, the goods and services received date (GSD) and the invoice received date (IRD).

The following are examples where the application of the GSD and the IRD requires some interpretation:

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Section 5 – Capturing System Dates *(continued)*

Goods and Services Received Date

Recurring supplier payments
For a series of invoice payments scheduled and processed at the beginning of the year, enter the projected GSDs (e.g., the end of every month).

Note: When using the recurring invoice process on MIDAS, at the beginning of a fiscal year, during Interim Supply, ministries should ensure they only validate invoices month by month rather than validating the series of invoices, until their full appropriation is available.

Prepaids
For subscriptions, course requirement fees, etc., enter the IRD as the GSD.

Shipments/services are provided over a period of time
- A SaskTel bill – use the billing period date.
- Services provided over a calendar month – use the last day of the month.
- Goods are received throughout the month and an invoice is received at the end of the month – use the date of the receipt of the last shipment.
- A partial shipment of goods arrives – use the date of receipt of the last shipment.
- A ministry is required by contract to pay a portion of the contract at various points of completion (e.g., 75% and 100%) – use the date of completion of work at the milestones.

Invoice Received Date

No formal invoice exists
The IRD is the date the source document that initiates payment is first prepared or received in the ministry (e.g., a Work Completed Report prepared in the ministry).

Invoice in dispute
The IRD is the date the dispute is resolved. A dispute is defined as a significant disagreement between the ministry and the supplier (e.g., where the billed amounts are incorrect, or where goods are missing from the shipment). This does not include being charged the Goods and Services Tax (GST). Ministries should indicate that an invoice is in dispute on the invoice.

Recurring supplier payments
Where a series of payments are scheduled and processed at the beginning of the year, use the date the invoice is first received in the ministry. In most situations the same IRD will be used for each payment in the series.
Note: When using the recurring invoice process on MIDAS, at the beginning of a fiscal year, during Interim Supply, ministries should ensure they only validate invoices month by month rather than validating the series of invoices, until their full appropriation is available.

Appendix H

Section 5 – Capturing System Dates *(continued)*

Special Cases

Transfers/Grants

The system requires three dates to be entered. Ministries may use discretion in entering the GSD and the IRD as transfers/grants are not eligible for interest (unless they are payments to suppliers for goods/services received by individuals).

Travel Expenses

The system requires three dates to be entered. Ministries may use discretion in entering the GSD and the IRD as travel expenses are not eligible for interest.

Payment due date is greater than 30 days

Ministries are to use actual dates, but should schedule the payment as required. Ministries should be aware that if payment occurs 45 days after the later of the GSD and the IRD, late payment interest may be calculated; however, the related interest should not be validated for payment (see Section 6 – Automatic Interest).

Section 6 – Automatic Interest

A program is run centrally in FSB to calculate interest monthly for payment in MIDAS. Interest is automatically calculated for supplier invoices where payment has been delayed by more than 15 days after the 30-day payment policy in accordance with the policy in FAM section 3152 Interest on Late Supplier Payments.

The program calculates interest on late supplier invoices where payees have a classification of "Supplier" in MIDAS. Supplier invoices are defined generally as purchases within the "5XXXXX" account distribution range, excluding the following natural accounts:

- 51XXXX (Personal Services)
- 57XXXX (Transfers, Other Expenses)
- 58XXXX (Other Expenses, Finance- Servicing the Debt, Internal Recoveries, Salary Accountable Advance, Amortization Expense)
- 59XXXX (Budget)
- 522900 Provincial Sales Tax
- 523000 Other Taxes and Licenses
- 525300 Communication Expenses – Elected Representatives,
- 529600 Non-Taxable Association and Professional Membership Dues,
- 542600 Relocation – New Employees and
- 542700 Relocation – In-Service Employees.

The program also calculates interest on late supplier invoices coded to natural accounts 199XXX Tangible Capital Assets – Current-year Additions.

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Section 6 – Automatic Interest *(continued)*

When interest is due, an interest invoice batch is generated in MIDAS for validation by ministries. Interest invoices are aggregated by supplier, by ministry. Ministries should use the "GOS Late Payment Interest Report" to verify the accuracy of the invoice.

Automatic interest is charged to natural account 558260 Interest – Late Supplier Payments. Interest calculated manually should be charged to natural account 558270 Other Interest.

Section 7 – Returned Cheques

The Government's principal financial institution charges the GRF for returned cheques through the Provincial Comptroller's Returned Item Account. FSB returns the returned cheque to the ministry that originally received it.

Ministries are to collect outstanding accounts resulting from returned cheques. Ministries are required to enter a journal entry to the GL Module or, if the ministry uses the AR Module, an AR invoice.

Journal Entry – GL Module

Debit	4XXXXX Revenue or107XXX Accounts Receivable (using the coding used on the original entry on bank deposit i.e., ministry-specific entity, program and organization)	XXX
Credit	100050 Returned Item Clearing Account (Ministry-specific entity.0.0.100050.0.0.0)	XXX
* journal entry to record a returned cheque		

AR Invoice – AR Module

Enter an AR invoice coded to the natural account 100050 Returned Item Clearing Account. The transaction type is "NSF" and the line description is "Returned Item Charge".

Debit	107100 Accounts Receivable – From Accounts Receivable (ministry-specific entity, program and organization)	XXX
Credit	100050 Returned Item Clearing Account (Ministry-specific entity.0.0.100050.0.0.0)	XXX
* AR invoice to record a returned cheque		

Both GL and AR Modules

Ministries must send a copy of the journal entry or invoice to FSB. FSB will process the transfer from the deposit account to the Returned Items Account (debit slip for GRF bank 125 and credit slip for Returned Items bank account).

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Section 7 – Returned Cheques *(continued)*

Debit	100050 Returned Item Clearing Account (Ministry-specific entity.0.0.100050.0.0.0)	XXX	
Credit	100000 General Revenue Fund Bank Account (200.0.0.100000.0.0.0)		XXX
* journal entry to process the transfer			

Section 8 – Replacement Cheques

When a cheque from the GRF written in the current fiscal year is returned due to incorrect information, the cheque must be returned to FSB with instructions to:
▪ cancel the payment and invoice (ministry must re-enter the invoice with the correct information); or
▪ cancel the payment and put the invoice on hold (the ministry modifies the invoice with the correct information); or
▪ cancel the payment and rerun the payment.

If the returned cheque requires only an address change, a [Supplier Maintenance Form](#) is attached to the request to update the Supplier Table. This change is reflected in the Supplier Name Table, as well. A cheque void transaction is processed to cancel the original cheque and a replacement cheque is issued in the next MIDAS payment cycle by FSB.

For the replacement of a cheque written off in a prior year due to a change in information, FSB will send a memo to the Financial Services Branch, Corporate Services Division, Ministry of Finance. Corporate Services will prepare an invoice for the replacement.

Section 9 – Taxes

Provincial Sales Tax (PST)
PST paid on acquisitions of tangible capital assets should be coded to account #414650 PST revenue offset (Ministry-specific entity, program and organization).

To record PST applicable to goods or services obtained from a supplier who does not collect the tax (usually a supplier located outside Saskatchewan), an invoice adjustment, debit memo, or an invoice payable to the Minister of Finance, is used in the AP Module. Select the "standard" invoice distribution type and credit the PST liability account – 240020 PST Account (Ministry-specific Entity.0.0.240020.0.0.0). PST should not be self assessed on purchases of tangible capital assets.

PST collected on the sale of taxable goods and services by ministries should be coded to the PST liability account (Ministry-specific Entity.0.0.240020.0.0.0).

Refunds of PST should be treated as current revenue refunds charged to the PST liability account (Ministry-specific Entity.0.0.240020.0.0.0).

Finance clears the PST account on a monthly basis.

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Section 9 – Taxes *(continued)*

Goods and Services Tax (GST)

Ministries should code GST collected to the GST liability account – 240010 GST Account, using Ministry-specific Entity.0.0.240010.0.0.0.

Refunds of GST should be treated as current revenue refunds charged to the GST liability account (Ministry-specific Entity.0.0.240010.0.0.0).

GST/HST Paid in Error

Ministries should charge all GST/HST paid in error through the AP Module to natural account 240011 GST/HST Receivable (Ministry-specific Entity.0.0.240011.0) and using the "standard" invoice distribution type. Ministries must retain appropriate documentation, including invoice number, to ensure that an audit trail exists to support all charges to the GST/HST Receivable Account.

Refunds received from suppliers for GST/HST paid in error on an invoice should be coded 240011 GST/HST Receivable.

On a monthly basis, FSB remits the net amount (the amount in 240010 GST Account less the amount in 240011 GST/HST Receivable) to the Canada Revenue Agency.

Section 10 – Refunds to Vote

Proper coding and processing of refund to vote transactions are necessary to ensure accurate disclosure of payments made from the GRF in Volume 2 of the Public Accounts.

If the total amount paid to a supplier (Public Accounts payee) meets the thresholds outlined in FAM section 2010 Reporting Payee Details in the Public Accounts, it will be included in the detail listing of payments provided in Volume 2 of the Public Accounts.

Refunds to vote for payroll are recorded in the HR/Payroll Module. There are two ways that refunds to vote (excluding payroll) can be recorded on MIDAS. One way is through a debit memo in the Accounts Payable (AP) Module and the other is through a journal entry in the General Ledger (GL) Module. The difference is that transactions processed through the GL do not have supplier detail associated with the transactions. As a result, refunds to vote are generally processed through AP.

Blanket Refund to Vote

When it is impractical to credit the reimbursement against the original expense (supplier) (e.g., the reimbursement may apply to a number of invoices from a number of suppliers), one or more blanket reimbursement natural accounts are used, depending on the nature of the original

Appendix H

Section 10 – Refunds to Vote *(continued)*

Blanket Refund to Vote *(continued)*

expense(s). Blanket reimbursements are generally processed through the GL Module but in some cases a debit memo in AP may be used (e.g., office costs for ministerial assistants).

The following are blanket reimbursement natural accounts:

519882 Reimbursement – Personal Services
521884 Reimbursement – Contract Services
532885 Reimbursement – Communications
541881 Reimbursement – Travel
542886 Reimbursement – Supplies and Services
569887 Reimbursement – Expensed Equipment and Other Assets
571883 Reimbursement – Transfers
572889 Reimbursement – Other Expenses

Step 1 – Recording Reimbursements of Cash

Reimbursements of cash to be refunded to vote are recorded in the GL using the "Bank Deposits" category journal entry as follows, depending on whether the refund will be recorded in the AP Module, the HR/Payroll Module or as a blanket refund to vote through the GL Module:

For reimbursements of cash that are to be recorded as a blanket reimbursement in the GL as part of the GL bank deposit entry, see below (no further entries are required):

Debit	100000 General Revenue Fund Bank Account (200.0.0.100000.0.0.0.)	XXX	
Credit	appropriate blanket reimbursement natural account(s), using ministry-specific coding for entity, program, organization, etc.		XXX
* journal entry to record reimbursement of cash			

For reimbursements of cash to be recorded as a refund to vote in AP to a specific supplier or in HR/Payroll to a specific employee, see below for the first entry (see Step 2 for the next entry):

Debit	100000 General Revenue Fund Bank Account (200.0.0.100000.0.0.0.)	XXX	
Credit	253021 Refund to Vote – Clearing Account (Ministry-specific Entity.0.0.253021.0.0.0 – note that program and organization may be zero but they are not required to be zero)		XXX
* debit memo to record reimbursement of cash			

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Section 10 – Refunds to Vote *(continued)*

Debit 100000 General Revenue Fund Bank Account (200.0.0.100000.0.0.0.)	XXX
Credit 253022 Payroll Refund to Vote – Clearing Account (Ministry-specific Entity.0.0.253022.0.0.0)	XXX
* entry in HR/Payroll to record reimbursement of cash	

Step 2 – Recording the Refund to Vote

For reimbursements through AP and HR/Payroll, see below:

For reimbursements of cash to be recorded as a refund to vote in AP to a specific supplier:
This is for refunds to be applied to the original expense. A $0.00 (zero dollar) debit memo is entered through the AP Module. The same supplier as the original expense must be used.

Debit 253021 Refund to Vote – Clearing Account (Ministry-specific Entity.0.0.253021.0.0.0). The exact ministry specific code combination used in the GL Bank Deposit journal to record the cash receipts must be used here	XXX
Credit applicable account code combination of the original expense	XXX
* debit memo to record refund to vote	

For reimbursements of cash to be recorded as a refund to vote in HR/Payroll to a specific employee:
A refund to vote entry in HR/Payroll results in the following transaction:

Debit 253022 Payroll Refund to Vote – Clearing Account (Ministry-specific Entity.0.0.253022.0.0.0)	XXX
Credit applicable account code combination of the original expense	XXX
* entry in HR/Payroll to record refund to vote	

Interministry Transactions

For interministry transactions, ministries use interministry clearing accounts in the AP and GL Modules. Interministry clearing accounts begin at 253051.

To avoid duplicate reporting of suppliers in Volume 2 of the Public Accounts, where the providing ministry uses a blanket reimbursement natural account to record a reimbursement from other ministries, the receiving ministry should enter the payment to the providing ministry as a debit memo in the AP module using the providing ministry as the supplier.

Appendix H

Section 10 – Refunds to Vote (*continued*)

Interministry Transactions *(continued)*

Secondments within executive government do not generally require a refund to vote entry since in the HR/Payroll Module, employees on secondment will be put on leave from their home ministry and will be set up in their seconded ministry.

Currently for out-of-scope secondments, an alternative approach is being used whereby the employee continues to be set up in HR/Payroll under the home ministry but the default assignment costing for the employee is set up under the seconded ministry.

The process for out of scope secondments is under review. Appendix H will be updated as required.

Ministerial Assistants

Ministerial assistant salary reimbursements received from Crown corporations or other agencies are to be recorded to a blanket refund to vote expense account (e.g., 519882 Reimbursement – Personal Services). Blanket reimbursements are generally processed through the GL Module but the AP module is available, using the ministerial assistant as the supplier, if the ministry wants to capture this detail on MIDAS.

This results in ministries that share ministerial assistants with Crown corporations or other agencies reporting the full cost of ministerial assistants' salaries.

Salary costs for ministerial assistants shared between ministries are to be disclosed by the ministry receiving the benefit of the service.

Ministries are to use the HR/Payroll Module which provides for multiple costing strings to be entered to allocate ministerial assistants' salaries among ministries.

This results in ministries that share ministerial assistants with other ministries reporting their portion of the ministerial assistants' salary.

Any related ministerial assistant's office costs for which the ministry is reimbursed should be refunded to a blanket refund to vote expense account (e.g., 542886 Reimbursement – Supplies and Services). Blanket reimbursements are generally processed through the GL Module but the AP module is available, using the ministerial assistant as the supplier, if the ministry wants to capture this detail on MIDAS.

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Appendix H

Section 10 – Refunds to Vote (*continued*)

MIDAS Descriptive Field

The description field on MIDAS should indicate the nature of the refund to vote transaction. Some examples are the following:

- approved by Finance
- insurance proceeds
- operating credit
- rebate (government or supplier)
- recoverable costs
- reimbursements – from employees
- secondment (if reimbursement is from outside of executive government)
- travel reimbursements

For more information on secondments, see FAM section 4205 Secondments and FAM section 3005 Refunds to Vote.

Section 11 – Recording Secondments into the Ministry

Proper coding and processing of the salary and benefits of an individual that has been seconded from outside of executive government into the ministry is necessary to ensure accurate disclosure of salaries and benefits through the GRF in Volume 2 of the Public Accounts.

If the total salary of this individual, who is recorded as the Public Accounts payee, meets the threshold outlined in FAM section 2010 Reporting Payee Details in the Public Accounts, it will be included in the detail listings of personal services payments in Volume 2 of the Public Accounts.

An amount paid to an organization external to the GRF to reimburse the organization for this individual's salary should be coded to natural account 514850 – Seconded Services (with no Employee Number) in the AP Module, with the external organization as the payee and the individual as the public accounts payee.

Each type of benefit for the individual is to be carefully reviewed to determine the correct coding. In most cases, an amount paid to an organization external to the GRF for the reimbursement of benefits should be coded to natural account 578200 – Other Expenses – Pension and Benefits, with the external organization as the payee and no public accounts payee.

An amount paid to an organization external to the GRF for reimbursement of certain car allowances of a seconded employee should be coded to natural account 519300 – Car Allowances, with the external organization as the payee and the seconded individual as the public accounts payee.

The general rule is that if an amount is coded to a natural account in the Personal Services (51XXXX) category of expenses, the payee or public accounts payee must be the employee.

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Section 11 – Recording Secondments into the Ministry *(continued)*

For more information on secondments, see FAM section <u>4205 Secondments</u> and FAM section <u>3005 Refunds to Vote</u>.

Section 12 – Recording Transfers of Leave Entitlements to Other Crown Agencies

Proper coding and processing of the transfer of leave entitlements of an employee that has been transferred to a special purpose fund or another Crown agency is necessary to ensure accurate disclosure of salaries and benefits through the GRF in Volume 2 of the Public Accounts.

Ministries should contact their HR Client Service Team at the Public Service Commission (PSC) for information on the approval requirements for the transfer of leave entitlements.

If the total salary of this employee, who is recorded as the Public Accounts payee, meets the threshold outlined in FAM section <u>2010 Reporting Payee Details in the Public Accounts</u>, it will be included in the detail listings of personal services payments in Volume 2 of the Public Accounts.

An amount paid to another Crown agency external to the GRF to reimburse the organization for this employee's leave entitlement should be coded to natural account 518650 – Vacation Leave Payouts (with no Employee Number) in the AP Module, with the other Crown agency as the payee and the employee as the public accounts payee.

When transferring leave entitlements for employees that will be terminated in the MIDAS HR Payroll system, ministries will need to work with the PSC to ensure that the accrued leave entitlement is not paid out to the employee.

The general rule is that if an amount is coded to a natural account in the Personal Services (51XXXX) category of expenses, the payee or public accounts payee must be the employee.

Section 13 – Shared Services

Payment details relating to shared services arrangements are to be fully disclosed in the Public Accounts, Volume 2. The Accounts Payable Module is used for processing shared services transactions.

Following the thresholds for disclosure outlined in FAM section <u>2010 Reporting Payee Details in the Public Accounts</u>, the providing ministry discloses the payments that are required to deliver the service; the ministry receiving the service discloses the payment to the providing ministry for the service; and the providing ministry discloses the recovery from the receiving ministry (the recovery will show as a negative expense).

The providing ministry's payee disclosure reflects payments related to providing a service (e.g., salary, contracts, supplies and services).

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Section 13 – Shared Services *(continued)*

The receiving ministry discloses a payment to the providing ministry using natural accounts that reflect the nature of the payment (i.e., contract services, communications, supplies and services, travel). There is no need to split reimbursements between personal services and supplier payments, as the providing ministry will disclose salary and supplier payment detail.

The providing ministry discloses recoveries for shared services. Reimbursements are coded to the appropriate internal recovery natural account as a negative expense. Recoveries for shared services will be disclosed in the payee listing in the Public Accounts if the absolute value of the recovery meets the threshold for disclosure. That means that even though the recovery is a negative number, it will be disclosed if the threshold number is exceeded.

The natural accounts for shared services recoveries are the following:
586100 Internal Recoveries – Goods and Services
586500 Internal Recoveries – Communications
586600 Internal Recoveries – Travel

The providing ministry is to use the internal recovery natural account that reflects the category of the payment used by the receiving ministry to make the payment to the providing ministry. Therefore, there must be prior communication between ministries to ensure the correct internal recovery natural account is used.

Shared services transactions must be processed through interministry clearing accounts (except for services provided by the Ministry of SaskBuilds and Procurement). Note that appropriation control requires expenses to be charged to an appropriation. Therefore, the central financial system requires the receiving ministry to enter the expense before the providing ministry can record the reimbursement. See the following example, where the providing ministry (Ministry A) provides administration services to the receiving ministry (Ministry B).

Receiving Ministry (Ministry B), using Ministry A as the supplier:

Debit 529000 General Contractual Services	XXX	
Credit 2530XX Interministry Clearing – Ministry A		XXX
∗ debit memo to record the payment to Ministry A for administration services		

Providing Ministry (Ministry A), using Ministry B as the supplier:

Debit 2530XX Interministry Clearing – Ministry A	XXX	
Credit 586100 Internal Recoveries – Goods and Services		XXX
∗ debit memo to record internal recovery from Ministry B		

Appendix H

Section 13 – Shared Services *(continued)*

Using the above example, if Ministry B uses a natural account in the contract services or supplies and services categories, then Ministry A should code the reimbursement to 586100 Internal Recoveries – Goods and Services. If Ministry B uses a natural account within the communications category, then Ministry A should code the reimbursement to 586500 Internal Recoveries – Communications. If Ministry B uses a natural account in the travel category, then Ministry A should code the reimbursement to 586600 Internal Recoveries – Travel.

Payments to the Ministry of SaskBuilds and Procurement (SBP) are to be processed as regular invoices through the Accounts Payable Module. The supplier number to be used is 105731 Site 001 S4P 2L7. This supplier is set up to allow payments to go through a special clearing account so that no cheque is cut to GS and GS's receivables are cleared.

For more information on shared services, refer to FAM section 3007 Shared Services.

Section 14 – Shared Grants and Programs

Where one ministry administers a shared grant, it is the practice to move the details of the transfer payments to the ministry(s) incurring the expense, rather than to disclose the total transfer payment under the ministry administering the shared grant. For more information on shared grants or programs, refer to FAM section 3008 Shared Grants and Programs.

Section 15 – Accounts Receivable

Valuation Allowance
At the end of the fiscal year, the ministry assesses the adequacy of the valuation allowance in relation to its accounts receivable.

In rare circumstances, it is possible that a valuation allowance may need to be reduced at year-end. In this situation, a negative expense will occur. However, this saving is not available to offset other charges.

Collection Agency Netting
Ministries account for all net amounts forwarded by collection agencies through use of a bank deposit journal entry.

To record net amounts forwarded by collection agencies for ministries:
- use the bank deposit journal entry to record gross amounts collected by the agencies as an increase to the appropriate revenue codes and enter the corresponding fees as a decrease (debit) to the revenue account 489200 Collection Agency and Legal Fees Withheld; and
- ensure the revenue shown on the Journals General Report agrees to the corresponding bank deposits.

Appendix H

Section 16 – Other MIDAS Entities (Holding Money in the GRF)

This section outlines accounting entries for Other MIDAS Entities that are set up within the 500 series.

When these Other MIDAS Entities receive cash they record the deposit using a journal entry in the GL Module in accordance with Section 2 of Appendix H. For example:

Debit	100000 General Revenue Fund Bank Account (using the GRF entity 200)	XXX	
Credit	4XXXXX Revenue or 107XXX Accounts Receivable (using the Other MIDAS Entity - 5XX)		XXX
Debit	253050 Interministry Clearing (using the Other MIDAS Entity - 5XX)[1]	XXX	
Credit	253050 Interministry Clearing (using the GRF entity 200)[1]		XXX
* journal entry to record a cash deposit			

[1]MIDAS generates these lines to balance the journal entry by entity.

Payments including supplier payments, advances and payroll, reduce the cash on deposit in the GRF bank account. For example, Other MIDAS Entity supplier payments are made by MIDAS during regular scheduled MIDAS payment runs:

Debit	25XXXX Accounts Payable (using the Other MIDAS Entity - 5XX)	XXX	
Credit	100000 General Revenue Fund Bank Account (using the GRF entity 200)		XXX
Debit	253050 Interministry Clearing (using the GRF entity 200)[1]	XXX	
Credit	253050 Interministry Clearing (using the Other MIDAS Entity - 5XX)[1]		XXX
* invoice to initiate a supplier payment			

[1]MIDAS generates these lines to balance the journal entry by entity.

Because of the journal entry lines created by MIDAS to balance the entries by entity when a receipt or payment is recorded, the balance in account 253050 Interministry Clearing for entity 5XX equals the current year change in cash for the Other MIDAS Entity. At year end, the balance in account 253050 Interministry Clearing for entity 5XX is cleared to account 100999 Due From GRF. At any point during the year the total balance in account 253050 Interministry Clearing and 100999 Due From GRF represents the cash position for the Other MIDAS Entity.

Appendix H

Section 17 – Salary Payments through the Accounts Payable Module

When ministries process salary payments through the Accounts Payable Module (i.e., for a new employee not set up in the HR/Payroll Module or where there is an error in the HR/Payroll generated cheque), the entries are as follows:

Using a standard invoice or, in some cases, a prepayment invoice, ministries enter the following:

Debit	519700 Salary Payments Processed through A/P (Ministry Specific Entity.X.X.519700.X.X.0)	XXX
Credit	200.0.0.100000.0.0.0 Bank	XXX
* invoice to initiate salary advance payment		

Employee Service Centre (ESC) enters the following to the HR/Payroll Module, through the element 'Accountable Adv' (to record the salary and advance, and pay the difference to the employee):

Debit	X.X.5XXXXX.X.X.Specific Employee # Salary	XXX
Credit	200.80001.800003.266000.0.0.0 Accountable Advance	XXX
Credit	200.80001.800003.100100.0.0.0 Payroll Bank Account	XXX
* entry in HR/Payroll to record the salary and advance, and pay the difference to the employee		

Based on reports from PSC with total deduction amounts, the GL Team enters the following in the GL Module to clear the advance:

Debit	200.80001.800003.266000.0.0.0	XXX
Credit	Specific entity.0.0.253021.0.902122.0 Refund to Vote - Clearing	XXX
* journal entry to clear the salary advance		

Through the A/P Module, the ministry enters a debit memo, if the payment was originally entered as a standard invoice or, if the payment was originally entered as a prepayment, the ministry enters a standard invoice and applies the prepayment. The following entry clears the original entry in A/P:

Debit	Specific entity.0.0.253021.0.902122.0 Refund to Vote - Clearing	XXX
Credit	Ministry Specific Entity.X.X.519700.X.X.0	XXX
* invoice or debit memo to clear the original entry		