Business Process Procedures

5.05 GL INTERFACE PROCESS OVERVIEW – Accounting Concepts

Overview
The new VCCS Student Information System (VCCS SIS) is a balance forward receivable system where payments, credits, and unapplied cash satisfy charges and refunds based on user-defined business rules. Accordingly, on a cash basis the new VCCS SIS does not relate payments or refunds of revenue to the original charge and revenue source (technology fee, tuition, etc). In order to obtain detailed revenue source information from VCCS SIS, the VCCS must permit accrual transactions into FRS. Using accrual accounting with VCCS SIS, revenues will be recorded at "satisfaction" when student charges are satisfied by cash, check, or credit/debit card payments, financial aid application (funds not necessarily received), or application of 3rd party commitments (not necessarily received). Decreases to revenue are posted at the time the class is dropped when students are earmarked for a refund and not when the actual cash is disbursed (after census date).

Although the VCCS will be posting accrual information into FRS, we are still required to maintain the Commonwealth Accounting and Reporting System (CARS) on a cash basis of accounting (Section 60601 – CAPP Manual). Revenues must be recorded by source when received and expenditures are recorded by revenue source or expenditure program when paid. The VCCS has implemented accounting procedures to accommodate the accrual accounting environment in the new VCCS SIS and the cash basis environment in CARS.

Upon implementing the new VCCS SIS, colleges will use a summary FRS revenue account for tracking receivable and payable activity (See "Detailed Accounting Procedures" below). This will allow the colleges to keep FRS and CARS in total on a cash basis of accounting. However, at any point in time during the year, detailed FRS revenue accounts may reflect accrual activity from third party receivables not collected, financial aid that has not been drawn down, and refund checks that have not been written. Since these detailed FRS revenue accounts map to different general ledger accounts in FRS (E&G, Deferred Revenue, and Technology Fee), the cash balances in these general ledger accounts may be under or over stated (on a cash basis) based on accruals outstanding in the detail subsidiary revenue accounts in FRS. Colleges must recognize this as a change in business practice. Again, cash available in 0300 E&G, 0307 Technology Fee, and 0300 Deferred revenue will be on an accrual basis during the year as a result of outstanding receivables and payables residing in the FRS summary account.

In order to address revenue classification issues and the cash impact of posting all revenue source accruals from the VCCS SIS to one FRS summary account, the VCCS will implement business rules. Colleges must:

- Ensure that all outstanding revenue refunds are written by June 30

- Ensure that all financial aid drawdowns are accomplished by June 30. If financial aid has been disbursed to the student's account in SIS, ensure that the financial aid draw down is complete by June 30th. Otherwise, delay the posting of financial aid disbursements in SIS until after June 30th

- Exercise diligence in the collection of outstanding 3rd party receivables and make every effort to minimize the outstanding balance at year-end

It is anticipated that if colleges use the business rules outlined above, the outstanding balance at year-end in the FRS summary account will represent 3rd party receivables. A report will be generated from the VCCS SIS that breaks down the cumulative 3rd party charges by revenue source for each college. An example of this report is shown below in Section 300D – Attachment A. The percentage of these charges associated with technology fee and deferred revenue will be applied to the outstanding receivable in the FRS revenue summary account and reclassified accordingly in the VCCS FRS Production System. This will help ensure the material accuracy of the various CARS funds and amounts reported as deferred revenue.

The entry posted above will be reversed in the VCCS FRS Financial Statement System to properly reflect accrual activity for financial reporting. No report currently exists in the new VCCS SIS to provide the detail supporting the outstanding 3rd party receivable balance by 3rd party and revenue source. Since this breakdown does not exist, reclassification based on charges provides the VCCS with a reasonable estimation of the revenue sources comprising the outstanding balance.

5.05B Detailed Accounting Procedures

Recording Detailed Revenue Activity From PeopleSoft SIS to FRS:

1) Daily the college should execute the VCCS Custom Revenue Report in SIS. The VCCS Custom Revenue Report will produce a summary and detailed report titled "Net Item Type Activity by FRS Account". The "Net Item Type Activity by FRS Account" contains net activity for the satisfaction of student charges and reversals in SIS. The "Net Item Type Activity by FRS Account" report should reflect zero "0" net FRS activity for the day. Using the "Net Item Type Activity by FRS Account", the college will prepare a daily Agency Transaction Voucher (ATV) to record the net accrual activity in the Financial Records System (FRS). FRS Subsidiary Revenue Account 1-00880 Revenue E&G Summary-SIS has been created to record the offsetting entry to the detailed revenue transactions, in-state, out-of-state, technology fee, student activity fee, etc. FRS revenue sub-codes have also been added to further define net receivable activity to third party receivables (0211) and financial aid receivables (0212). Please see a sample of the attached Summary Net Item Type Activity Report below in Section 300D – Attachment B.

2) Also, daily the college Business Office will receive a report titled "Register Totals Report" that reflects the amount of tender by type. The tender by type will serve as documentation for the daily deposit certificate or deposit ticket. All receipts should be recorded to 1-00880 Revenue E&G Summary-SIS and the appropriate revenue sub-code (generally as a credit unless credit card refunds exceed the daily credit card charges). Please see a sample of the Register Totals Report in Section 300D – Attachment C.

3) Periodically, generally after add/drop has passed, revenue refunds will be exported from the VCCS SIS to FRS. All revenue refunds will be recorded as debit entries to FRS Subsidiary Revenue Account 1-00880 Revenue E&G Summary-SIS. Please see Section 300D – Attachment D for a sample of the PeopleSoft Batch Refund control report.

5.05C Processing Financial Aid Transactions in FRS

Overview   Financial aid balance checks, tuition payments and bookstore payments will be disbursed or transferred through the State Treasury from newly created State restricted accounts in FRS Ledger 2 for PELL, SEOG, CSAP, Last Dollar, summary local scholarship account, etc., rather than from financial aid funds administered locally in FRS Ledger 5. A Local ED Payments Control Account may continue to be used to house Title IV funds from the time of draw down until they are deposited to State Restricted Accounts in FRS Ledger 2 for disbursement. The use of a Local Ed Payments Control Account to temporarily house financial aid funds will facilitate compliance with the federal cash management requirement that Title IV funds be maintained in an interest-bearing bank account or investment account unless the institution drew down less than $3 million during the prior award year and anticipates no change for the current award year; demonstrates that it would not earn over $250 in interest; or requests funds from ED under the Just-In-Time (JIT) method. If your college does not meet the criteria stated for the federal cash management requirement, then the funds can be deposited directly to the newly created financial aid accounts in FRS Ledger 2 for PELL, SEOG, CSAP, Last Dollar, etc. The VCCS SIS item type tables must be cross-walked to the appropriate FRS accounts.

The Steps:

1) The VCCS Student System Financial Aid Module disburses all types of financial aid funds to student accounts as payments (credits) to cover allowed charges.

2) After the financial aid is disbursed (posted) to students' accounts, a report is generated from the PeopleSoft SIS that provides detail and summary by the types of charges being paid such as tuition & fees, bookstore, due recipient amounts, and miscellaneous payments. (Please see sample of report in Section 300D - Attachment E).

3) The report from Step 2 will be used to determine the amount of financial aid funds to draw down. Upon receipt, the funds will be deposited directly to the newly created State Restricted Accounts in FRS Ledger 2 for the various financial aid funds, or alternatively, to a Local ED Payments Control Account to meet the Federal compliance issue noted above, until needed to meet the disbursement requirements for tuition, balance check and bookstore payments through Ledger 2 and the State Treasury.

4) Information obtained from the report in Step 2 will also be the basis to create an Agency Transfer Voucher (ATV) to transfer funds from the various restricted State financial aid accounts in FRS Ledger 2 to the State current revenue accounts to cover tuition and fees in FRS Ledger 1.

5) Again, with information obtained from Step 2, a State check request will be prepared payable to the college's bookstore to pay for bookstore charges credited to the students' accounts. The bookstore payment request will be charged to the appropriate financial aid accounts in FRS Ledger 2 and interfaced to CARS for payment to the appropriate bookstore party.

For students with credit account balances, refunds or balance checks will be generated using the VCCS SIS to FRS to CARS interface. In addition to refunds of tuition and fees out of the State current revenue accounts in FRS Ledger 1, the VCCS SIS to FRS to CARS interface will generate requests for financial aid balance checks out of the newly created

State Financial Aid restricted accounts in FRS Ledger 2 in a manner similar to the existing State grants (COMA and VGAP) check procedure.

5.05D Attachments: Examples of Reports

Overview   Following are examples of reports to facilitate the VCCS Student Financial Module General Ledger Interface to the Financial Records System.

Reports   Listed below are the reports referencing the section of the Business Process Documentation used for printing and utilizing the reports.

Attachment	Report	Report Execution Instructions
A	Payment Distribution Report - Third Party	313A Payment Distribution Report
B	Summary Net Item Type Activity	310, 311 GL Interface Process
C	Register Totals	314 Register Totals
D	Batch Refund	120, 121, 122 Batch Refunds
E	Payment Distribution – Financial Aid	313A Payment Distribution Report

5.05D Attachment A - Payment Distribution Report – Third Party Contracts

Overview   Used to reclassify third party receivables at year-end.

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PAYMENT DISTRIBUTION REPORT                    Report Name   VC_PMT_DIST
                  College  PC277                Run Date    5/21/02
                                                Run Time    4:50:44PM
        Report Period  5/15/02
               Thru    5/15/02

     Payment Item Types   2000000
                  Thru    2999999

  000001111000    In-State Tuition                 334.08            17.54 %

  000001112000    Out-State Tuition              1,539.00            80.81 %

  000001210001    Technology fee                    31.50             1.65 %

                            Total Charges Paid   1,904.58   Total Payments/Aid        0.00

                                                           Amount Unappli       -1,904.58
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5.05D Attachment B - Summary Net Item Type Activity

Overview   Used to prepare an ATV to distribute item type activity to/from the revenue summary account to the detailed FRS revenue accounts.

Virginia Community College System

Summary Net Item Type Activity

Input Parameters: Business Unit: PC277   Journal Date: 5/15/02   Process Instanc   7216

Descr	DeptID	Acct	Sum Amount
0300 - E & G	010110	1310	0.00
Reg Session Tuition In-State	100750	0210	-1,336.32
Revenue E&G Summary	100880	0210	1,390.32
Technology Fee	106500	0280	-54.00
Net FRS Activity for	**5/15/02**		**0.00**

5.05D Attachment C - Register Totals

Overview   Used to prepare the daily deposit to the summary FRS revenue accounts.

5.05D Attachment D - Batch Refund

Overview   Used to validate the transfer of batch refund transactions from the VCCS Student Financials module to the Financial Records System.

Report ID: SF853   **Batch Refund**   Page No.   1
                                                                                                 Run Date   05/23/2002
                                                                                                 Run Time   3:01:39PM

Business Unit: PC277   Batch ID: 000000000034
Operator: RSMITH   Batch Run Date: 05/23/200
Eligible Total: $231.72   Batch Total: $231.72
Refund Item Type: 000005000000   Report Only: N

ID	Name	Eligible Amount	efund Amount	Ind Sponsor	Org Sponsor
4000279	SFRSHarris,David	$231.72	$231.72		

5.05E Attachment E - Payment Distribution – Financial Aid

Overview   Used to prepare an entry to charge the detail financial accounts for tuition and fees, and bookstore charges.

PAYMENT DISTRIBUTION REPORT

College **PC277**

Report Period 5/15/02
Thru 5/15/02

Report Name   VC_PMT_DIST
Run Date   5/23/02
Run Time   1:58:54PM

Payment Item Types 900000000100
Thru   900000000100

000001111000	In-State Tuition	668.16	38.82 %
000001112000	Out-State Tuition	1,026.00	59.61 %
000001210001	Technology fee	27.00	1.57 %

	Total Charges Paid	1,721.16	Total Payments/Aid	5,600.32
			Amount Unappli	3,879.16