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Intermediate AFRS Transaction Codes Practice Exercise Answers

Below exercises 2-10, you will see an explanation of the method used to correct the error.

Exercise 2. Someone at your agency recorded cash revenue to the incorrect **Fund 01B**. The entry should have been to **Fund 108**. Agency reports show the entry in AFRS and the Treasurer's Office has recorded it. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
001	**7110**		Receipts-In-Process	Fund 01B / Major Source 0384
		3210	Cash Revenue	

#2 Option 1: The **R** (Reverse Code) **cannot** be used in this instance with the transaction code 001. It posts to **7110** (Receipts-In-Process) and the Treasurer processes fund transfers through **7140** (JV's-In-Process). The correction needs to be on a JV. The correction **can** be made using the automated Inter-Fund Transfer (IFT) Process with IFT transaction codes for revenue (**021, 022**). When using the IFT Transaction Codes, DO NOT send a paper copy of the JV to the Treasurer. For an IFT, AFRS will automatically send an electronic copy of the transaction to the treasurer.

TC	DR	CR	Title	Coding is the same for debit and credit
022(IFT)	**3210**		Cash Revenue	Fund 01B / Major Source 0384
		7140	JV's-In-Process	
021(IFT)	**7140**		JV's-In-Process	Fund 108 / Major Source 0384
		3210	Cash Revenue	

#2 Option 2: This correction can also be made using non-IFT transaction codes. For non-IFT transaction codes, you need to send the JV to the State Treasurer.

TC	DR	CR	Title	Coding is the same for debit and credit
008(non-IFT)	**3210**		Cash Revenue	Fund 01B / Major Source 0384
		7140	JV's-In-Process	
006(non-IFT)	**7140**		JV's-In-Process	Fund 108 / Major Source 0384
		3210	Cash Revenue	

Exercise 3.   Someone at your agency recorded cash revenue to an incorrect Major Source **0360**. The correct Major Source should have been **0384**. The Fund was coded and entered correctly as 11G. Agency reports show the entry in AFRS and the Treasurer's Office has recorded it. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
001	**7110**		Receipts-In-Process	Fund 11G / Major Source 0360
		3210	Cash Revenue	

#3 Option 1: The correction can be made using the **R** (Reverse Code) with the clearing account **9920** with transaction codes **343R** (9920 / 3210) and **343**.

TC	DR	CR	Title	Coding is the same for debit and credit
343"R"	**(9920)**		Current Period Clearing Acct	Fund 11G / Major Source 0360
		(3210)	Cash Revenue	
343	**9920**		Current Period Clearing Acct	Fund 11G / Major Source 0384
		3210	Cash Revenue	

#3 Option 2: The correction can also be made by using the **R** (Reverse Code) with the original transaction code **001** for the incorrect Source and transaction code 001 with the correct Source. Since the error is not between funds, the correction should be done on a JV that is not sent to the treasurer. GL Account **7110** can be used on JV's where both sides of the transaction to complete the accounting event are input by the agency.

TC	DR	CR	Title	Coding is the same for debit/credit
001"R"	**(7110)**		Receipts-In-Process	Fund 11G / Major Source 0360
		(3210)	Cash Revenue	
001	**7110**		Receipts-In-Process	Fund 11G / Major Source 0384
		3210	Cash Revenue	

Exercise 4.   An AFRS payment (refund of revenue) was issued with the incorrect Major Source **0360**. The correct Major Source should have been **0384**. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
198	**3205**		Accrued Revenue	Fund 001 / Major Source 0360
		5111	Accounts Payable	

Answer: When the warrant write transaction is released (the transaction due date determines when the warrant write transaction is released) the warrant is automatically created and the following entry is posted to your agency.

TC	DR	CR	Title	Coding is the same for debit and credit
390(wrap)	**5111**		Accounts Payable	Fund 001 / Major Source 0360
		7120	Warrants-in-process	
	3210		Cash Revenue	
		3205	Accrued Revenue	

The net posting of the two transaction codes 198 and 390 is:

TC	DR	CR	Title	Coding is the same for debit and credit
198 + 390	**3210**		Cash Revenue	Fund 001 / Major Source 0360
		7120	Warrants-in-process	

Since transaction code **198** has a payment indicator = 1, the Reverse Code (R) cannot be used. The error is not between funds, this correction does not need to affect cash and should not be sent to the Treasurer. The correction is done by using the clearing account 9920 with transaction codes **344R** and **344**

TC	DR	CR	Title	Coding is the same for debit and credit
344"R"	**(3210)**		Cash Revenue	Fund 001 / Major Source 0360
		(9920)	Clearing Account	
344	**3210**		Cash Revenue	Fund 001 / Major Source 0384
		9920	Clearing Account	

Exercise 5.   You are reconciling your subsidiary accounts in GL Acct 1354 – Due from Other Agencies and discover a receivable transaction that was processed (TC 261) using subsidiary 105000 when it should have been subsidiary 310000. The amount due from agency 105000 has not been received.

NOTE: There are 2 sets of transaction codes that could be used. See if you can figure out both ways of accomplishing this. You should also check your agency procedures to determine which method is preferred by your agency.

TC	DR	CR	Title	Coding is the same for debit and credit
261	**1354**		Due from other Agency	Fund 001 / AI / PI / S-Obj / Subsidiary DR 105000
		6505	Accrued Expenditures	

#5 Option 1: Detail Coding
Back out incorrect DR Subsidiary.

TC	DR	CR	Title	Coding is the same for debit and credit
261"R"	**(1354)**		Due from other Agency	Fund 001 / AI / PI / S-Obj / Subsidiary DR 105000
		(6505)	Accrued Expenditures	

Enter the correct DR Subsidiary.

261   **1354**   Due from other Agency   Fund 001 / AI / PI / SObj / Subsidiary DR 310000
          6505   Accrued Expenditures

#5 Option 2:   Subsidiary / General Ledger Only
Back out incorrect DR Subsidiary.

TC	DR	CR	Title	Coding is the same for debit and credit
348"R"	**(1354V)**		Due from other Agency	Fund 001 / Subsidiary DR 105000
		(9920)	Current Period Clearing Acct	

Enter the correct DR Subsidiary.

TC	DR	CR	Title	Coding is the same for debit and credit
348	**1354V**		Due from other Agency	Fund 001 / Subsidiary DR 310000
		9920	Current Period Clearing Acct	

Exercise 6.   Your staff recorded cash expenditures incorrectly to **Fund 001 with AI 012**. The correct
                Fund should have been **108 with AI 108**. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
263	**6510**		Cash Expenditures	Fund 001 / AI 012 / PI / S-Object
		7140	JV's-In-Process	

#6 Option 1: The correction can be made by using the R (Reverse Code) with the transaction
code **263R** for the incorrect fund 001, and transaction code **263** with the correct fund 108. Since
the correction is between funds and the transaction code **263** is for a manual JV, the JV must be
sent to the Treasurer.

TC	DR	CR	Title	Coding is the same for debit and credit
263R	**(6510)**		Cash Expenditures	Fund 001 / AI 012 / PI / S-Object
		(**7140**)	JV's-In-Process	
263	**6510**		Cash Expenditures	Fund 108 / AI 108 / PI / S-Object
		7140	JV's-In-Process	

#6 Option 2: The correction can be made by using the automated Inter-Fund Transfer (IFT)
process with IFT transaction codes for expenditures. When using IFT transaction codes, DO NOT
send a paper copy of the JV to the Treasurer as AFRS will automatically send an electronic copy
of the transactions to the Treasurer.

TC	DR	CR	Title	Coding is the same for debit and credit
670(IFT)	**7140**		JV's-In-Process	Fund 001 / AI 012 / PI / S-Object
		6510	Cash Expenditures	
669(IFT)	**6510**		Cash Expenditures	Fund 108 / AI 108 / PI / S-Object
		7140	JV's-In-Process	

Exercise 7.   Your ER report shows an expenditure warrant was sent using an incorrect **Program Index (PI) 00555**. The correct PI should have been **00666**. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
210	**6505**		Accrued Expenditures	Fund / AI / PI 00555 / S-Object
		5111	Accounts Payable	

Answer: When the warrant write transaction is released (the transaction due date determines when the warrant write transaction is released), the warrant is automatically created and the following entry is posted to your agency.

TC	DR	CR	Title	Coding is the same for debit/credit
398(wrap)	**5111**		Accounts Payable	Fund / AI / PI 00555 / S-Object
		7120	Warrants-In-Process	
	6510		Cash Expenditures	
		6505	Accrued Expenditures	

The net posting of the two transaction codes 210 and 398 is:

TC	DR	CR	Title	Coding is the same for debit and credit
210 + 398	**6510**		Cash Expenditures	Fund / AI / PI 00555/ S-Object
		7120	Warrants-in-process	

Since transaction code 210 has a payment indicator > 0, the **R** (Reverse Code) **cannot** be used to make a correction. Since the error is not between funds, this correction does not need to affect cash and should not be sent to the Treasurer. Correct this transaction using the clearing account **9920**.

TC	DR	CR	Title	Coding is the same for debit and credit
345	**6510**		Cash Expenditures	Fund 001 / AI 012 / PI 00666 / S-Object
		9920	Clearing Account	
345"R"	**(6510)**		Cash Expenditures	Fund 001 / AI 012 / PI 00555 / S-Object
		(9920)	Clearing Account	

Exercise 8.   Another expenditure warrant was sent using an incorrect **Fund 111** with **Appropriation Index (AI) 111**. The correct fund should have been **001** with **AI 012**. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
210	**6505**		Accrued Expenditures	Fund 111 / AI 111 / PI / S-Object
		5111	Accounts Payable	

Answer: When the warrant write transaction is released (the transaction due date determines when the warrant write transaction is released), the warrant is automatically created and the following entry is posted to your agency.

TC	DR	CR	Title	Coding is the same for debit/credit
398(wrap)	**5111**		Accounts Payable	Fund 111 / AI 111 / PI / S-Object
		7120	Warrants-In-Process	
	6510		Cash Expenditures	
		6505	Accrued Expenditures	

The net posting of the two transaction codes 210 and 398 is:

TC	DR	CR	Title	Coding is the same for debit and credit
210 + 398	**6510**		Cash Expenditures	Fund 111 / AI 111 / PI / S-Object
		7120	Warrants-in-process	

Since transaction code 210 has a payment indicator > 0, the R (Reverse Code) cannot be used to make a correction. Since the error is between treasury funds, the automated IFT transaction codes for expenditures could be used to make the correction. When using IFT transaction codes, DO NOT send a paper copy of the JV to the Treasurer as AFRS will automatically send an electronic copy of the transactions to the Treasurer.

TC	DR	CR	Title	Coding is the same for debit and credit
670(IFT)	**7140**		JV's-In-Process	Fund 111 / AI 111 / PI / S-Object
		6510	Cash Expenditures	
669(IFT)	**6510**		Cash Expenditures	Fund 001 / AI 012 / PI / S-Object
		7140	JV's-In-Process	

Exercise 9.   Someone at your agency sent an expenditure warrant to **King Co Metro** in error. It should have been issued to **King Co Licensing**. Metro returned the paper warrant to you. The coding on the warrant transaction was correct. You need to cancel the incorrect warrant and issue a new one to the correct vendor. (Hint: There are 2 sets of cancellation payment transaction codes that could be used.) See if you can figure out both ways of accomplishing this.

TC	DR	CR	Title	Coding is the same for debit and credit
210	**6505**		Accrued Expenditures	Fund / AI / PI / S-Object
		5111	Accounts Payable	incorrect vendor number

TC	DR	CR	Title	Coding is the same for debit and credit
398(wrap)	**5111**		Accounts Payable	Fund / AI / PI / S-Object
		7120	Warrants-In-Process	
	6510		Cash Expenditures	
		6505	Accrued Expenditures	

#9 Option 1: Cancellations **cannot** be done using an R because the originating transaction code has a payment indicator = D. Cancellation documents must be sent to the Treasurer since they impact cash and because the Treasurer tracks all warrants issued. Since the coding on the original payment was correct except for the vendor, you can cancel the warrant and re-issue to the correct vendor using all the same original coding, OR you can cancel the warrant and re-issue using the original Fund and a General Ledger only. You should check your agency procedures to determine which method is preferred for your agency. NOTE: The canceled warrant must be sent to the Treasurer along with the JV or AFRS-generated reports.

#9 Option 1: Full Expenditure Coding Cancellation

TC	DR	CR	Title	Coding is the same for debit/credit
451	**7130**		Warrant Cancel-In-Process	Fund / AI / PI / S-Object
		6510	Cash Expenditures	incorrect vendor number
Reissue				
210	**6505**		Accrued Expenditures	Fund / AI / PI / S-Object
		5111	Accounts Payable	correct vendor number
398(wrap)	**5111**		Accounts Payable	Fund / AI / PI / S-Object
		7120	Warrants-In-Process	
	6510		Cash Expenditures	
		6505	Accrued Expenditures	

#9 Option 2: Fund / General Ledger Only
Cancellation

TC	DR	CR	Title	Same for debit/credit
455	**7130**		Warrant Cancel-In-Process	Fund
		5194V	Liability for Canceled Warrants/Checks	incorrect vendor number
Reissue				
951	**5194V**		Liability for Canceled Warrants/Checks	Fund
		5111	Accounts Payable	correct vendor number
397(wrap)	**5111**		Accounts Payable	Fund
		7120	Warrants-In-Process	

Note: transaction code (TC) 955 does not automatically select the vendor for 1099 reporting. If TC 955 is used, a manual adjustment is needed on the IR screen for 1099 reporting.

Exercise 10. Your employee created expenditures (using IAP - interagency payment) to Agency 1790 – DES (Fund 422) in error. It should have been issued to Agency 1050 –OFM (Fund 419). The Treasurer's transaction is still on the In-Process report of Agency 1500 and they have asked you to reverse it. The Fund / AI / PI/ Sub Object coding on the IAP transaction was correct, but you still need to pay Agency 1050. The original entry is shown below:

TC	DR	CR	Title	Coding is the same for debit and credit
640(IAP)	**6505**		Accrued Expenditures	Fund / AI / PI / S-Object
		5154	Due to Other Agencies	Subsidiary CR 179000
650(wrap)	**5154**		Due to Other Agencies	Subsidiary DR 179000
		7140	JV's-In-Process	Fund / AI / PI / S-Object
	6510		Cash Expenditures	
		6505	Accrued Expenditures	

Answer: The net posting of the two transaction codes 640 and 650 is:

TC	DR	CR	Title	Coding is the same for debit and credit
640 + 650	**6510**		Cash Expenditures	Fund 111 / AI 111 / PI / S-Object
		7140	JV's-In-Process	

Since this involves a cash transfer between agencies, it must go through the Treasurer. And since the document is still on the In-Process of Agency 1790, the same document number must be used on the recovery (i.e. – the IAP#, for example, 123456/). The R (Reverse Code) cannot be used because the originating transaction code 640 has a payment indicator > 0. In this situation, you must prepare a journal voucher with one entry for Agency 1790 (to clear the In-Process) and one or more entries for your agency to recover what was paid in error. Then, reissue the payment to the correct Agency 1050.

Since the coding on the original payment was correct except for the vendor, you can record the recovery and re-issue to the correct vendor using all the same original coding, OR you can record the recovery and re-issue using the original Fund 111 and a General Ledger only. You should check your agency procedures to determine which method is preferred for your agency. NOTE: The journal voucher TC 264 must be sent to the Treasurer.

#10 Option 1: Detail Coding
Recovery

TC	DR	CR	Title	Coding is the same for debit and credit
264	**7140**		JV's-In-Process	Fund 111 / AI 111 / PI / S-Object
		6510	Cash Expenditures	incorrect vendor number

Reissue

TC	DR	CR	Title	
640(IAP)	**6505**		Accrued Expenditures	Fund 111 / AI 111 / PI / S-Object
		5154	Due to Other Agencies	correct vendor number
650wc	**5154**		Due to Other Agencies	Subsidiary CR 150000
		7140	JV's-In-Process	
	6510		Cash Expenditures	
		6505	Accrued Expenditures	

#10 Option 2: Fund / General Ledger Only
Cancellation

TC	DR	CR	Title	Coding is the same for debit/credit
966	**7140**		JV's-In-Process	Fund 111 / AI 111 / PI / S-Object
		5199V	Other Liabilities	incorrect vendor number

Request new payment

TC	DR	CR	Title	
649	**5199V**		Other Liabilities	Fund 001 / AI 012 / PI / S-Object
		5154	Due to Other Agencies	correct vendor number
631(wrap)	**5154**		Due to Other Agencies	Fund 001 / AI 012 / PI / S-Object
		7140	JV's-In-Process	Subsidiary CR 150000