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Comptroller
State of Illinois

201 State House
Springfield, Illinois 62706
217/782-6000

ACCOUNTING BULLETIN NO. 53

June 26, 1986

TO: Agency Heads and Chief Fiscal
Officers of All State Agencies

SUBJECT: Miscellaneous Requirements and Reminders

NEW COD FILING REQUIREMENTS

When entering into new multiple period leases or amending old multiple period leases which are effective July 1, 1986 and thereafter, a new procedure is required for all State agencies. Form SCO-559, "Accounting for Leases-Lessee, Governmental, Similar Fund Types and Universities" or SCO-560, "Accounting for Leases-Lessee, Proprietary, Nonexpendable and Pension Trust Funds" must be completed and submitted with each COD (C-23.1) which cites lease transaction code 38 or 39. SCO-559 must be completed and submitted with COD's obligated and paid from governmental and expendable trust funds. SCO-560 must be completed and attached to COD's which are to be obligated and paid from proprietary, nonexpendable and pension trust funds. (See CUSAS Manual Procedure 27.50.10 to determine the fund classifications for funds which your agency receives or expends monies.)

The purpose of this new procedure is to identify "capital" leases which must be recorded as an asset on the quarterly fixed assets reporting form, C-15, "Agency Report of Fixed Assets." After receiving form SCO-559 or SCO-560, the Comptroller's Office will determine whether or not the new lease is a capital lease as specified by Financial Accounting Standard Board Statement 13. The cost to be recorded in the agency's property records for the capital lease will be sent to the agency within two weeks of receipt of the lease forms. This capital lease asset cost must then be reported in the appropriate section of the revised form C-15 for the current quarter.

This procedure will improve the accuracy of the agency's property plant and equipment reporting systems, the accuracy of quarterly fixed assets reporting, eliminate the requirement for completion of SCO-559's and SCO-560's at year-end for all multiple year leases entered into during the year and facilitate easier completion of year-end GAAP fixed assets forms, SCO-538 or SCO-539.

Lease forms will be mailed to you prior to July 1. Contact Gary Kinkelaar at 217/782-2052 if you have questions regarding the preparation of the lease forms. Contact Lu Van Eman at 217/782-3686 for questions about the COD form.

ADVANCE PAYMENTS

Pursuant to state law (Illinois Revised Statutes, 1985, Chapter 127, paragraph 145f), any voucher submitted for advance payment of goods or services, must state on its face that the goods or services are being procured pursuant to a formal, written contract the terms of which require advance payment. If it is not possible to execute a written contract, the voucher shall so state. All vouchers for advance payment of goods or services must also state that the contract requires the goods or services to be delivered or received prior to the expiration of the lapse period of the fiscal year to which the expenditures are charged.

The following are sample statements that may be used for this purpose:

"The goods or services specified on this voucher were procured pursuant to a formal, written contract the terms of which require advance payment. The contract requires the goods or services to be delivered or received prior to September 30, 198 ."

If it is not possible to execute a written contract, the following statement may be used for vouchers submitted for advance payment:

"It was not possible to execute a written contract for the goods or services specified on this voucher. It is anticipated that the goods or services will be received or delivered prior to September 30, 198 ."

~~State law prohibits advance payments for goods or services that would be delivered or received after the close of the lapse period of the fiscal year charged with the payment.~~

The above advance payment certifications are not required for the types of payments listed below:

... Periodical Subscriptions	... Official Bonds
... Organizational Memberships	... License Fee payments to Governmental Units
... Insurance Premiums	... Telephone charges
... Leases of Real Property	... Utilities
... Postage	

Vouchers submitted for advance payment of goods or services containing the advance payment certification will not be accepted for payment by the Office of the Comptroller if it is found that the underlying contract does not actually contain a provision in its terms that requires advance payment.

COD forms submitted with contracts that contain an advance payment provision should have the advance payment box properly marked if a COD form containing this box is utilized.

TRAVEL VOUCHERS

Effective July 1, 1986 the Department of Central Management Services will discontinue the pre-audit and certification of travel expenses vouchers. Beginning

with that date, all vouchers for travel expenses should be sent directly to:

Office of the Comptroller
Voucher Pre-audit
325 West Adams
Springfield, Ill. 62706

Ill. Rev. Stat. 1985, Ch. 127, par. 147 requires that vouchers for the following fixed charges be sent to the Department of Central Management Services for certification:

1. For local improvements and special assessments, certified by the Attorney General;
2. For conveying convicts to the penitentiary or reform school, certified by the sheriff performing such service;
3. For conveying juvenile female offenders to the State Training School for Girls, and for conveying delinquent boys to the Illinois State Training School for Boys, certified by the person or officer performing such service;
4. For the apprehension and delivery of fugitives from justice, certified by the Governor;
5. For rewards for arrest of fugitives from justice, certified by the Governor;
6. For the expenses of the transfer of insane persons to the Illinois Security Hospital, either from any of the other State institutions, or upon the order of mittimus of any of the several courts, certified by the person performing such service;
7. For compensation for diseased animals condemned and destroyed by the State, certified by the Director of Agriculture.

These fixed charge vouchers should be sent to:

Midge Oller
Department of Central Management Services
505 Stratton Office Bldg.
Springfield, Ill. 62706

All exception requests and correspondence to the Governor's Travel Control Board should be sent to:

Joe Eby
Governor's Travel Control Board
505 Stratton Office Bldg.
Springfield, Ill. 62706

UTILITY PAYMENTS

Effective with FY1987, utility bill payments will be treated consistently. If utility payments are made directly to a utility company, an annual blanket obligation document may be established for these expenditures. Payments to

utility companies must cite the appropriate utility detail object as follows: 1251 (gas), 1252 (electricity), 1253 (water), or 1255 (Utilities, Not Elsewhere Classified).

However, where a utility payment is made to the lessor pursuant to the lease agreement, it must be obligated under the lease agreement obligation number. The invoice voucher paying the lessor for utilities must cite the lease obligation number and the appropriate utility detail object number stated above.

TELECOMMUNICATIONS EQUIPMENT

Effective with FY1987, the purchase or lease of telecommunications equipment must follow the standard obligation rules. For prospective expenditures of more than \$2,500, the full amount of the contractual liability must be obligated when the obligation is established.

Telecommunications service charges do NOT require obligation.

COMPUTER SOFTWARE

On March 14, 1986 the Department of Central Management Services sent a letter and software list to all agencies under the jurisdiction of the Governor. Listed were software packages that could be purchased by an agency without requesting approval from DCMS provided the total amount of this purchase did not exceed \$2,000.

All such software orders meeting DCMS criteria must be individually obligated regardless of the amount using a COD form. No back-up documentation is required for these purchases. The 10% over-expenditure capability for indeterminable costs will be allowed.

GROUPING SHEETS

This is a reminder that grouping sheets should be utilized whenever possible to enable the issuance of a single warrant to a vendor for the payment of several invoices. The proper use of grouping sheets is explained in CUSAS Procedure 17.20.30.

Grouping sheets can only be utilized when there is a single vendor, appropriation account, and fiscal year, and identical IRS Form 1099 reporting requirements.

MULTIPLE YEAR CONTRACTS

This is a reminder that subsequent fiscal year filings of multiple year contracts MUST contain a complete description as originally filed. Do NOT merely state "reference back to Contract" as a description. Also, subsequent fiscal year filings of multiple year contracts MUST utilize the original obligation/contract number. If the same number is not utilized, the obligation will be returned to the agency.

CONTRACT/OBLIGATION NUMBERS

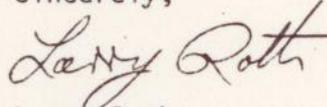
Only one contract/obligation number may be used for a single contract regardless of whether the contract crosses agency organization units or fiscal years. The COD form can accommodate up to ten appropriation account codes. Each amendment

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to a contract must contain the contract/obligation number of the original contract. Transactions not in compliance with the procedure will be returned to the agency effective with FY1987.

Questions concerning advance payments, travel vouchers, utility payments, telecommunication equipment, computer software, multiple year contracts, and contract/obligation numbers may be addressed to Joe DiRocco at (217) 782-3608.

Sincerely,



Larry Roth
Director, State Accounting

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