

CITY OF SPOKANE ADMINISTRATIVE POLICY AND PROCEDURE	ADMIN 0040-06-05 LGL 2006-35
TITLE: INTERFUND BILLINGS EFFECTIVE DATE: January 1, 2007 REVISION EFFECTIVE DATE: N/A	

1.0 GENERAL

1.1 The purpose of this policy is to identify and provide guidelines regarding billings between separate legally established funds of the City for goods, public works or services. It is assumed and expected that interfund revenues and corresponding interfund expenses incurred under this policy will be appropriate to the circumstances and consistent with the best interests of the City and its citizens.

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This policy shall apply to all City divisions and departments.

3.0 REFERENCES

- RCW 43.09.200 Local Government Accounting – Uniform System of Accounting
- RCW 43.09.210 Local Government Accounting - Separate Accounts for Each Fund or Activity

4.0 DEFINITIONS

- 4.1 "Fund" is defined by the BARS manual as "a fiscal and accounting entity with a self-balancing set of accounts . . . segregated for the purpose of carrying on specific activities or attaining certain objectives".

5.0 POLICY

- 5.1 Interfund procurements should be considered and encouraged where a savings to the billing or paying / procuring department can be realized and in the interests of administrative convenience and efficiency. However, the procurement must also be consistent with applicable legal requirements.

- 5.2 Interfund procurements should be paid for and evidenced by an interfund billing.

5.3 Documentation of Goods or Services Billed

- 5.3.1 All interfund billings must be adequately documented by meeting **all** of the following requirements:

- a. The rationale supporting the billing or benefit to the department being assessed a charge must be clearly stated by the billing department and accepted and acknowledged by the paying department; and
- b. If a cost is being allocated among several funds, the rationale for the allocation must likewise be provided; and
- c. It must be demonstrated that the charges are reasonable. Reasonableness may consider such factors as: (1) cost to the billing department as computed by the billing department with supportable information; or (2) value to the paying department if acceptable to the paying department and based on acceptable information; or (3) any other reasonable basis.

- 5.3.2 No interfund transactions shall be processed without proper documentation of these criteria.

5.4 Approval of Interfund Billings

- 5.4.1 Departments or funds that are being billed for an interfund good or service must indicate their agreement and approval of the charges

by the signature of the department head or his/her designee on the face of the billing.

5.4.2 Departmental approvals of those interfund charges from internal service funds that are assessed based on an annual total, may be documented annually. Any other annual approvals must be authorized by the Accounting Director.

5.4.3 No interfund transactions will be processed without proper approval.

5.5 Location of Original Records

5.5.1 All original records of properly approved interfund transactions, including analyses of benefit, rationales for allocation, and documentation of reasonableness shall be retained by the Accounting Department.

6.0 PROCEDURE

6.1 Interfund billings are generally processed by the Accounting Department, unless a departmental accountant has been given approval by the Accounting Director to process the transactions.

6.2 The billing department shall submit the original and two (2) copies of the interfund bill, including the attachment of all supporting documentation to the paying department.

6.3 The paying department, if it approves the billing, will supply a budget account number, indicate its approval, and submit all copies to the Accounting Department for processing.

6.4 The Accounting Department will process the transaction through the financial system, and will distribute a copy back to each of the departments involved in the transaction.

6.5 For internal service fund charges based on annual assessments, the internal service fund will provide documentation, and departments will indicate their approvals once a year. Transactions will be processed periodically throughout the year based on the annual assessment.


7.0 RESPONSIBILITIES

The Accounting Department shall administer this policy.

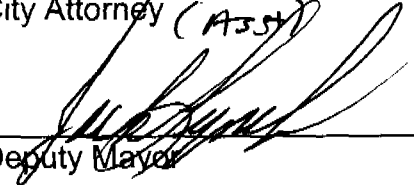
8.0 APPENDICES

Interfund Billing Form
Interfund Billing Form Instructions

APPROVED BY:



City Attorney (ASST)



Deputy Mayor



Director

10/25/06

Date

INTERFUND BILLING FORM INSTRUCTIONS

CITY OF SPOKANE INTERFUND BILLING	
CT NUMBER: <u>1</u>	REF NUMBER: <u>2</u> DATE: _____
TO: PAYING DEPT <u>3</u>	
FROM: BILLING DEPT <u>4</u>	
REVENUE BUDGET (CREDIT) <u>5</u>	
DESCRIPTION:	
<p style="text-align: center;">6</p> <p>EXPENDITURE BUDGET LINE (DEBIT):</p> <p>_____</p> <p>_____ <u>7</u> _____</p> <p>_____</p> <p>TOTAL _____</p> <p style="text-align: center;">8</p> <p>_____ DEPARTMENTAL APPROVAL</p> <p>***** AFTER SIGNING ***** PLEASE SEND ALL 3 COPIES AND BACKUP TO ACCOUNTING</p>	0.00

- ① **This field is for use by the Accounting Department only.** It will indicate the Interfund Transaction batch number (CT number) used to process the transaction, and will be filled in when departments receive their completed copy of the form back.

Items numbered 2 through 6 should be completed by the billing department before sending the form to the paying department.

- ② This field is used by the billing department to identify the transaction according to their internal numbering/reference system. It is optional, but it facilitates easier tracking in the financial management system by departments. The date is the date the billing department completes the interfund billing form.
- ③ The paying department is the department receiving the interfund goods or services. It will be paying the billing department.
- ④ The billing department is the department who is providing the goods or services, and who will be receiving payment from the paying department.
- ⑤ The revenue budget number is the billing department's interfund budget account number where the revenue should be credited. If there is more than one revenue number, additional detail may be attached.
- ⑥ This section will describe the goods or services being billed to the paying department. The description will include all criteria described in section 5.3 of the Interfund Billings Policy. Additional documentation may be attached if necessary. The amount of the billing is entered in the right column.

Make two additional copies of the form (total of three), and send to the paying department, along with any backup materials.

Items numbered 7 and 8 are completed by the paying department before sending the three copies of the form and backup to the Accounting Department.

- ⑦ The expenditure budget number is the paying department's interfund budget account number where the expenditure should be charged. If the charge is to be split among different budget numbers, they should be detailed in the space provided.
- ⑧ The department head or his/her designee must indicate his/her approval as per section 5.4 of the Interfund Billings Policy.