

STATE OF VERMONT
AGENCY OF ADMINISTRATION
DEPARTMENT OF FINANCE AND MANAGEMENT

Subject: **Prior Year Refund of Expenditure Procedure**

Effective Date: **Dec 1, 2004**

Applicable To: **All State Agencies and Departments**

Issued By: **Department of Finance & Management**

Approved By: **Robert D. Hofmann, Commissioner**

PURPOSE

This procedure outlines the management of refunds for prior year expenditures being received in the current year. This procedure applies to all funds.

BACKGROUND

VISION allows refunds to be processed only when there are sufficient current year expenditures to offset the refund. This creates a processing problem when a refund for a prior year expenditure is received in the current year, and there have not been enough current year expenditures to offset the refund.

PROCEDURE & GUIDELINES

I. Current Year Expenditures Are Sufficient To Offset The Refund

When departments receive monies for a refund of prior year expenditures, the refund must be processed against the current year's expenditures in VISION. When processing the refund, departments must use the expenditure account that was used on the original transaction. When the refund budget checks, the current year's expenditures are reduced and the available spending authority on the budget is increased in the amount of the refund.

II. Current Year Expenditures Are Not Sufficient To Offset The Refund

If there are not sufficient current year expenditures to offset the refund, the system will not allow the refund to budget check. The system will return the error "Spending authority over budget." In this case, departments must change the expense account to revenue account 485000 Prior Year Refund of Expenditures. Because this account is a revenue account and does not budget check, the refund passes budget checking and is allowed to post. Expenditures are not reduced, and the available spending authority on the budget is not increased in the amount of the refund.

Throughout the remainder of the current fiscal year, departments must monitor expenditures on their budget, and when there are sufficient expenditures to offset the refund, departments must do an ONL journal entry to move the refund from the revenue account to the appropriate expenditure account.

When this ONL journal entry budget checks and posts, expenditures are reduced and the available spending authority on the budget is increased by the amount of the refund.

III. Current Year Expenditures Are Never Sufficient To Offset The Refund

If by the end of the current fiscal year, there have not been sufficient expenditures in the budget to offset the refund, departments must process an excess receipt request (or request from Finance and Management an appropriation adjustment in the budget adjustment process) if they need additional spending authority in the amount of the refund.

If you have any questions or need clarification on any aspects of this procedure please contact the VISION Help Desk at 828-6700, Option 2 or at Vision.FinHelpdesk@vermont.gov