State of Alaska, RSA Best Practices, as agreed upon by the State Finance Officers Association (SFOA)

Reimbursable Services Agreements (RSA) are governed by AS 37.07.080. For additional information on the governance of RSAs, see the following:

- Office of Management and Budget's (OMB) Revised Program Manual
- Alaska Administrative Manual (AAM)
- Memo from OMB Director from RSA Kaizen

For additional information on processing RSA transactions in the state accounting system, IRIS, see the Re-Appropriation Handy Guide (RAHG) on the Department of Administration, Division of Finance web page.

These best practices were developed in collaboration with agency RSA staff and finance officers. Future changes to the best practices require SFOA approval.

1. Agencies **should** follow the minimum dollar thresholds for an RSA as detailed in OMB's Revised Program Manual. If departments choose to use the form below the established threshold to define scope and capture accounting elements, signatures are NOT required.
2. Federal Pass Through funding will follow a standardized process to accommodate statewide reporting.
   - IPO2 or PO3 documents will be used when possible and coded to object code 3113 Inter-Agency Sub Recipient Pass-Through Grants or 7201 State and Federal Sub-Recipient Pass-Thru Benefits
   - Any other Inter-Agency documents passing federal funds through will use object code 3113 Inter-Agency Sub Recipient Pass-Through Grants or 7201 State and Federal Sub-Recipient Pass-Thru Benefits
3. Agencies will follow a standardized subject line for RSA email communications.
   - If there is an IPO the subject line should reference IPO#, action being taken (new, amendment, closeout, billing, etc) and RSA Name
   - If there is not an IPO/IET, then use ITI/ITA and RSA Name
   - RSA's with agencies not in IRIS, should use RSA# or PO# and RSA Name.

- **Revisit when New E-RSA Form and tracking number generated by OMB**

4. Agencies **may** use the IRIS functionality of additional document information (ADINFO) to identify the tracking number assigned to the RSA.

    - The "Additional Information" field should use all capitals, as the ADINFO search is case sensitive.
    - The "Number" field should contain no dashes or spaces. The first two digits should designate the department.

    Revisit #3 when New E-RSA and OMB reporting is defined.

    - This information can be added to all documents related to an RSA, but will, at a minimum be used on the internal purchase order (IPO), internal transaction initiation/internal transaction agreement (ITI/ITA) and internal exchange transaction (IET).

    Note: ADINFO can be added to a document at any phase of the document.

5. Agencies will use program codes whenever possible to capture RSA costs for the seller, allowing for the use of the reimbursement functionality of IRIS and a readily available budget query in either BQ39 or BQ40. Program codes might not be used when:

    - an RSA agreement is not required per the RP Manual,
    - only one RSA in the appropriation, etc.

6. The Major Program structure **must** include the Major Program Category "RSAS". This provides a means of capturing seller RSA activity in an ALDER report using the Major Program Category.

Major Program Category	Name	Active	Effective From	Effective To
✓ RSAS	Reimbursable Service Agreements	Yes		

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*Major Program Category : RSAS   Effective From :
*Name : Reimbursable Service Ag   Effective To :
*Short Name : RSA's   Active : ☑
Contact Code :   Budgeting : ☑
        Description : Major Program Category to be used on all Servicing Agency Major Programs.

7. The Program code structure **must** include the use of program categories designed to identify the buying and selling departments. This provides a means of capturing activity between departments.

Program Category	Name	Active	Effective From	Effective To
✓ 0101	01 Seller 01 Buyer	Yes		
0102	01 Seller 02 Buyer	Yes		
0103	01 Seller 03 Buyer	Yes		
0104	01 Seller 04 Buyer	Yes		
0105	01 Seller 05 Buyer	Yes		

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*Program Category : 0101   Effective From : [   ] 🗓
*Name : 01 Seller 01 Buyer   Effective To : [   ] 🗓
*Short Name : 01 RSA 01   Active : ☑
Contact Code : [   ] ⬆   Budgeting : ☑

8. The seller is only **required** to reference one IPO line on the internal buyer funding line (IBFL), and is **only required** to complete the fund, department, unit and object on fund accounting tab on the IBFL.
   - This eliminates the work required by the seller on the IBFL when the buyer makes changes to the IPO.
   - This allows the buyer to actively manage where the expenditures post by working the IET.

9. System generated IETs will generate in draft phase. (Note: Approved by SFOA 03/15/2018)
   - This provides the opportunity for buyer departments to attach backup to the IET and make line corrections.
   - *__Under no circumstances should an IET be discarded.__*

10. When the buyer opts to use an IPO to encumber and pay for the RSA, the buyer will provide the IPO number on the RSA form prior to sending to the seller.
   - The IPO does not need to be in final status prior to sending the form to the seller.
   - The buyer can hold IET payments until the seller has provided a copy of the signed RSA (if applicable).

11. Agencies should try to obligate all the budgeted IA authority prior to setting up unbudgeted RSAs.[1]

12. RSA Effective Dates[1]:

- The effective dates on RSAs funded from an operating appropriation on the buyer side should not extend past June 30.
- The effective dates on the RSA form for RSAs funded from a capital or multi-year operating appropriation on the buyer side, where the seller side is set up in the operating structure, may cross fiscal years <u>if</u> the form includes language indicating the funding is subject to future year appropriation.
- The effective dates of an RSA do not determine whether a seller RSA is established in the operating or capital structure.

13. Capital vs. Operating RSA[1]

- The appropriation structure being used to pay for an RSA on the buyer side has no bearing on where the RSA is established on the seller side. The structure used by the seller is determined by the type of work being performed.
- A seller's capital RSA (where the work itself is capital) should be determined on the same criteria that defines a regular capital project (i.e. one-time funding for work outside the scope of regular operations).
- If the work of the RSA is within the normal scope of the seller agency's operations, as determined by the seller agency, all costs should be recorded in the operating structure.
- An RSA paid from a multi-year operating appropriation (capital structure) on the buyer side, should be set up on the seller side in the normal operating structure if it is within the normal scope of business of the agency's operations.
- Personal Services are always an operating expense; seller RSAs with personal services will almost always be in the operating structure.

- It may be possible for a seller RSA to be capital in nature and require personal services. If that is the case, the seller agency has two options:
    1. Establish an RSA appropriation in the capital structure for non-personal services expenses, and set up an RSA appropriation in the operating structure (or use existing budgeted/unbudgeted ARUs) for personal services expenses, billing the personal services to the capital structure RSA
    2. Direct-charge personal services to the capital structure without an intra-agency RSA. This will require additional work to reflect these personal services back on the operating structure for actuals. There are two alternatives available:
        1. DOF will provide guidance on using a CH8 to reflect personal services direct-charged to capital appropriations back in to operating so there is no manual reconciliation in ABS at Final Authorized and Actuals. ***This is OMBs preferred method.***
        2. Manually reconcile in ABS at Final Authorized and Actuals.

14. When billings are generated:
    - Seller agency will submit billing backup documentation, as identified on the RSA form/packet to the buyer agency **within 10** business days of the billing generation.
    - The buyer RSA desk will code and submit the billing for approval within IRIS and attach the backup **within 10** business days of receiving backup documentation. It is the **responsibility** of the project/program manager to review the finalized IET and backup to ensure all costs are appropriate.
    - If the project/program manager identifies inappropriate costs, they will notify the seller project/program manager to resolve the dispute. The project/program manager is **responsible** for verifying disputed costs are corrected.

- Project/program managers have **60 days** from IET processing to final to dispute charges.
- If disputed costs are not adjusted within the billing cycle after identified, buyer agency can hold future IET's from processing for the specific RSA IET transaction in dispute.

15. Recycling IET's – Seller agency requests IET to be recycled with approval from Buyer agency in lieu of a discard. Email IRIS.project@alaska.gov and include the following information.
    - Major Program
    - Program
    - Reimbursement Date
    - Job ID
    - Amount
    - IET Doc ID and Amount

    Reimbursement Date and Job ID can be found on REIMHIST table

16. Departments have budgeted and unbudgeted RSA's that occur every fiscal year. To avoid structure or budget issues at the beginning of the fiscal year, departments can complete the RSA form and establish structures, input budgets and IPO's in draft phase prior to July 1. (your document number will have the prior year and make sure to enter manually the BFY and FY of the future year). Structure and budget transactions can be input after structure copy, which usually occurs in early May.

17. Unbudgeted Operating RSA Appropriations are established for each seller component within a department. There **<u>must</u>** be a separate appropriation for each IA revenue source collected within the component. (ie. AR for revenue source 1007 and an AR for revenue source 1061, 1232, 1236.) Revenue sources must be kept in separate AR's to tie the revenues and expenditures directly together. This is important for departments when completing Final Auth/Actuals in ABS.

    - Standardized Unbudgeted RSA Appropriation XXRSCCC##
        - ➢ XX = Department

- ➢ RS = Unbudgeted RSA
- ➢ CCC = budget component within the department
- ➢ ## = last 2 digits of the OMB revenue source code

18. Electronic Closing –
   - Seller agency Division notifies the RSA Desk that work is complete, then RSA Desk initiates the e-close through email, after verifying that all billings are finalized (i.e. revenues equal expenditures).
   - The buyer agency will not release the IPO until the seller agency's **RSA desk** communicates that all billings are complete. A project/program manager cannot substitute as the RSA desk.