

P2-19-5-101b

**NOTE:** This is to clarify correspondence sent out in May 2013 concerning the duplication of revenue and expenditures and the payment/receipt of monies from other agencies for goods or services provided between state agencies.

### **GOODS/SERVICES TRANSFERRED BETWEEN AGENCIES**

The Governmental Accounting Standards Board (GASB) requires that if goods or services are provided between agencies and the value is approximately what it would be to receive the same goods or services from an outside source, that the transaction be recorded as an expense to the paying agency and a revenue to the receiving agency. Although this appears to duplicate revenue and expenditures, this process is in compliance with GASB. It must also be determined whether or not these purchases cross functional area.

The important point to remember is this only applies to payments for goods or services provided between agencies. As the previous instructions explained, transfers of monies to support program activities or fund grants is not the purchase of a goods or service that your agency consumes or expends. The “flow-through” of funds between agencies to fund a project or program is still settled through the transfer process. The procedures that were previously sent to your agency will still need to be followed if this occurs.