


<u>OREGON ACCOUNTING MANUAL</u>	
Subject: Accounting and Financial Reporting	Number: 15.41.00
Division: Chief Financial Office	Effective date: September 16, 2014
Chapter: Accounting and Financial Reporting	
Part: Withholding from Non-state Entities	
Section:	
Approved: George Naughton, Chief Financial Officer	Signature on file

<u>OREGON ACCOUNTING MANUAL</u>		
 <u>STATEWIDE POLICY</u>	<u>NUMBER</u> 15.41.00	<u>SUPERSEDES</u> 15.41.00 dated 09/16/2014
	<u>EFFECTIVE DATE</u> MM/DD/YYYY	<u>PAGE NUMBER</u> Pages 1 of 4
<u>Division</u> <u>Chief Financial Office</u>	<u>REFERENCE/AUTHORITY</u> ORS 293.590	
<u>Policy Owner</u> Statewide Accounting and Reporting Services		
<u>SUBJECT</u> Accounting and Financial Reporting- Withholding from Non-state Entities	<u>APPROVED SIGNATURE</u> <i>George Naughton, Chief Financial Officer</i> Signature on file	

PURPOSE:

This policy provides guidance on accounting and financial reporting for the withholding of state payments or distributions from non-state entities.

AUTHORITY: ORS 293.590

APPLICABILITY:

— This policy applies to all state agencies included in the state’s annual financial statements, except for those agencies specifically exempted by [OAM 01.05.00](#).

— This policy does not apply to the withholding of funds for taxes and benefits that occur through Oregon Statewide Payroll System.

———This policy does not apply to an intercept of funds that has been agreed to by contract, or is required by law, to secure the repayment of a borrowing by the State, a loan from the State or a borrowing by a local government, including, but not limited to an intercept under **ORS 328.284, 328.346, 238.698 or 470.180.**

FORMS/EXHIBITS/INSTRUCTIONS

None.

DEFINITIONS: ~~For purposes of this OAM, Authorizing Agency and Withholding Agency are defined as follows:~~

Authorizing Agency: ~~For purposes of this OAM, t~~The agency that issues the enforcement order, requesting the withholding of state payments or distributions.

———**Withholding Agency:** ~~For purposes of this OAM, t~~The agency that withholds the state payments or distributions, at the request of the Authorizing Agency.

Click here for other [definitions](#).

EXCLUSIONS AND SPECIAL SITUATIONS

None.

POLICY:

101. To qualify as an **Authorizing Agency**, the agency must have the statutory authority to withhold state payments or distributions, or request that other agencies withhold state payments or distributions, from a non-state entity.

102. The **Authorizing Agency** must obtain an enforcement order enabling them to request that withholding occur. The enforcement order should identify the following:
- The non-state entity from which to withhold disbursements;
 - The amount to withhold; and
 - The date withholding is effective.
103. The **Authorizing Agency** is responsible to manage the withholding, which includes but is not limited to:
- Communicating with the non-state entity from which to withhold state payments or distributions.
 - Determining which state payments or distributions are eligible for withholding.
 - Notifying Withholding Agencies in writing of the enforcement order, specific payments or distributions to withhold, in addition to the information outlined in paragraph 102.
 - Notifying **Withholding Agencies** in writing of any changes in the enforcement order.
 - Notifying Withholding Agencies in writing when the enforcement order is terminated.
 - Ensuring compliance with the enforcement order.
 - Tracking the total amount withheld.
 - Coordinating with Withholding Agencies when the total amount withheld approaches the amount authorized by the enforcement order.
 - Maintaining documentation that complies with [OAM 10.15.00.PO](#), *Transaction Documentation Requirements*.
 - Providing other documentation to Withholding Agencies so that they may comply with [OAM 10.15.00.PO](#).
104. If allowed by statute, the **Authorizing Agency** may recover the costs to administer the withholding from the amount withheld.
105. The amount withheld remains with the **Withholding Agency** until the **Authorizing Agency** notifies the Withholding Agency in writing to release the withheld payments or distributions.

PROCEDURES:

106. After an **Authorizing Agency** obtains an enforcement order, it determines what amounts are subject to withholding and requests the **Withholding Agency** in writing to withhold eligible payments or distributions. Eligible payments or distributions are generally identified by statute and may include these examples:
- Cigarette tax
 - Liquor tax
 - Quarterly revenue sharing
 - Highway revenue apportionment
107. The **Withholding Agency** reports authorized withholdings by either:
- Using a separate D23 fund ~~that will be reported within D24 GAAP fund 6405, Custodial Agency Funds, which should be used~~ if the amount withheld is significant (refer to [OAM 05.20.00](#) to determine the appropriate D24 GAAP fund); or

- b. Using GL account 1551, *Deposit Liability-Without DF Support*, within the D23 fund which reports the disbursement activity.

108. The **Withholding Agency** accounts for the withholding in one of three ways:

- a. Record the distribution as if the funds were actually going to the non-state entity, then receipt the funds back in, using T-code 162.

TC 162: Record receipt of deposit liability without doc support

DR 0065 Unreconciled Deposit
CR 1551 Deposit Liability – Without DF Support

This is appropriate ~~in the scenario outlined in paragraph 107(a) above, since a Custodial Agency Fund is a fiduciary fund.~~

~~It would also be appropriate~~ if the **Withholding Agency** needs to prepare a warrant for the amount of the withholding, so that other non-state entities are not impacted by the withholding.

- b. If the distribution is typically recorded by the **Withholding Agency** as a reduction of revenue rather than an expense, use T-code 908.

TC 908: Charge revenue to deposit liability – No auto reverse

DR 3200 GAAP Revenue Offset (Applicable comptroller object)
CR 1551 Deposit Liability – Without DF Support

- c. If the distribution is recorded as an expense by the **Withholding Agency**, use T-code 909R.

TC 909R: Charge expenditure to deposit liability – No auto reverse

DR 3600 GAAP Expenditure Offset (Applicable comptroller object)
CR 1551 Deposit Liability – Without DF Support

109. The **Withholding Agency** sends monthly reports to the **Authorizing Agency** detailing the amount withheld under the enforcement order. The Authorizing Agency determines the timing and format of the reports; ~~see refer to~~ paragraph 103.

110. When the **Authorizing Agency** has notified the **Withholding Agency** in writing to release all or a portion of the amount withheld, account for the released amount using T-code 287.

TC 287: Return deposit liability to depositor – No doc support

DR 1551 Deposit Liability – Without DF Support
CR 1211 – Vouchers payable