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FISCAL POLICIES MANUAL

JOINT VENTURE CONTRACTING AND ACCOUNTING

PREFACE

When agencies enter into multi-agency agreements to purchase goods or services per *Idaho Code*, 67-2332 (interagency contracts), a single agency may bear the initial costs. If the reimbursements are not made in a timely manner, the purchasing agency's appropriation will be adversely affected. In addition, reimbursements may take place after the close of a fiscal year.

When agencies make the initial purchase for a joint purchasing agreement, they run the risk of having their appropriations prematurely spent. Overstatement of expenditures and revenues impacts appropriations and financial reporting. This policy addresses the need to eliminate various expenditures and revenues for activity between state agencies (or between state agencies and outside entities).

If this type of contracting is in the regular course of business for which you normally receive appropriation to cover the full amount, see the Internal Service Function Expenditure Accounting policy.

POLICY

Public agencies that share purchases must enter into a Memorandum of Understanding (MOU) prior to any purchase. The requirement to enter into a mutually agreed upon MOU is found in *Idaho Code*, Title 67, Chapter 23, which states:

67-2332. INTERAGENCY contracts. Any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform, including, but not limited to joint contracting for services, supplies and capital equipment, provided that such contract shall be authorized by the governing body of each party to the contract. Such contract shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties.

The timeframe in which reimbursements of expenditures will take place must be clearly specified in the MOU. It is especially important for agencies that are making the initial purchase from the General Fund to ensure that reimbursements are made in the year of purchase. Other agencies, with stewardship responsibility for a fund, should write the MOU to protect the solvency of their fund.

ADMINISTRATIVE PROCEDURES

Joint purchasing between state agencies:

- Initial Purchaser - After recording an expenditure, record a receivable and reduce expenditures for reimbursable amount using a TC 27R. Contact your DFM analyst for batch release of the TC 27R.
- Secondary Purchaser - Record an expenditure for portion of contract using a TC 24R.
- Initial Purchaser- Reimbursement will be evidenced by a TC 17R.

Joint purchasing between state agencies and outside entities:

- Initial Purchaser - After recording an expenditure, record a “due from other entity”, reducing amount of expenditure using a TC 27N.
- Receive check or warrant and record receipt of cash using a TC 17N.

NOTE: This procedure assumes that the state agency is the initial purchaser.