

**Processing Payment Offsets Overview**

Your agency may receive IRS levies, liens, court ordered garnishments, etc. that require part or all of a supplier's payments be withheld. Typically the order also identifies amounts, return dates, etc. Legal notices for levies, liens, and other court ordered offsets should be sent immediately to your agency's central accounting or fiscal office, where information about the offset (amount, date of receipt, date of return, etc.) is recorded and tracked outside of Cardinal.

**Please Note:** Internal Payment Offsets are not related to the Comptroller's Debt Setoff program.

The supplier's record in Cardinal is then updated so that any existing or subsequent vouchers for that supplier are flagged for manual updates. The appropriate amount is offset and paid to the 3<sup>rd</sup> party identified on the legal order before the supplier's vouchers are processed for payment.

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**Update Supplier's Record - Commonwealth Vendor Group (CVG)**

1. The agency's designated responsible person completes a Vendor Maintenance Request form to update the supplier's record. This form can be found on the Cardinal website in the **Statewide Toolbox > Forms > Accounts Payable** section. To facilitate the proper payment offset for subsequent payments, a new **Location** must be added to the supplier record. Complete the **Location** section of the form with the new location information. **Location** name should be specified as **LEVY XXX** (XXX = agency number); the new location is identified as the default location for the supplier. A location **Description** is also provided to add meaningful additional information about the offset, such as agency name and aids users in understanding the purpose of the location.
2. The Vendor Maintenance Request form is submitted to the CVG, along with a copy of the offset documentation.
3. The CVG receives the Vendor Maintenance Request form.
4. The CVG will run the **V\_AP\_VNDRS\_ON\_PYMNT\_HOLD** query which provides a list of Suppliers on Payment Hold for review to determine if a supplier's payment hold status requires update.
5. The new location for the supplier is added. The **Additional Payables Options** section is updated:
  - a. The **Hold Payment** box is checked.
  - b. The payment **Handling** option is set to **Specify at This Level**.
  - c. The payment **Handling** code is set to **RR** (Requires Review).

6. CVG notifies the agency resource that the supplier update is complete.
7. Once the offset requirement has been satisfied, the designated agency resource will complete a Vendor Maintenance Request form with a request to Update Existing Supplier, to remove the payment hold from the lien location and to re-set the default supplier location.
8. The Vendor Maintenance Request form is submitted to the CVG, along with a copy of the offset documentation.
9. CVG receives the Vendor Maintenance Request form, updates the supplier location, and notifies the agency resource that the supplier update is complete.

### **Update the Cardinal Voucher (Agency Fiscal Office)**

10. The agency Fiscal Office should run the **V\_AP\_VNDR\_PYMNT\_HOLD** query daily, which lists suppliers with a location on hold and unpaid vouchers associated to those suppliers. The purpose of the query is to alert the Fiscal Office that unpaid internal offset-related voucher(s) exist; the vouchers will not be processed for payment until updated.

The agency that owns the supplier offset record will need to adjust both the location and the voucher payment, per steps 11 and 12 below. The agency that does not own the supplier offset record will need to change the location, per step 11a.

11. Navigate using the following path:

**Main Menu > Accounts Payable > Vouchers > Add/Update > Regular Entry**

Manually update any unpaid vouchers related to the supplier with an internal offset payment hold.

- a. On the **Invoice Information** page, change the **Location** to the appropriate non-payment hold location for the supplier.
  - b. On the **Payments** page, insert a second payment line for the third party remit supplier and remit address.
  - c. Update additional payment information as applicable on each payment line:  
**Amount, Handling, and Payment Message.**
12. Provide the payment offset information (i.e., offset amount, payment date, etc.) to the person at your agency who is responsible for tracking supplier offsets so that the offset tracking record can be updated.