



Minnesota Management & Budget Statewide Operating Policy

Minnesota Management and Budget, Accounting Services
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Interagency Payments

Objective

To provide guidance to agencies when making interagency payments.

Policy

Agencies must use the Bilateral Netting Process in StateWide Integrated Financial Tools (SWIFT) when making interagency payments (one agency paying another agency).

Bilateral Netting Process

Bilateral Netting allows the state to complete business transactions between agencies without creating payments (checks or ACH) or deposits in the Treasury. It requires one agency to create a bill in SWIFT and a second agency to pay the bill by entering a voucher that references the bill and is for the exact amount. When this criteria is met, SWIFT applies the payment against the bill completing both the payment and deposit portions of the transaction. All agencies making interagency payments are required to use bilateral netting. The few exceptions are listed below.

Exceptions

- Minnesota State Colleges and Universities (MnSCU) – MnSCU does not deposit all revenue in the State Treasury. Therefore, agencies making a payment to MnSCU will not utilize the bilateral netting process. Agencies will still enter a SWIFT voucher to MNSCU as they would with any other interagency payment. However, this voucher will create an ACH payment in the Treasury.
- Department of Revenue (DOR) payments for Entertainer and Speaker fees and revenue recapture – For these transactions, agencies should use a special vendor number in SWIFT (G90EFT0000) that will create an ACH payment in the Treasury.
- Intra-agency payments (payments within a single agency) - Agencies making intra-agency payments have the option of using bilateral netting or entering a journal voucher in SWIFT. Journal vouchers are allowed for intra-agency payments because a single user would have the proper SWIFT security to complete the transaction. In SWIFT, a user from one agency would not have security to enter transactions for another agency.
- Negative inter-agency vouchers – Agencies should not enter negative interagency vouchers unless they have positive vouchers to the same agency to offset the negative amount. The total amount of vouchers entered to a vendor (agency), location, and remit to address must be positive for that day's business.

Related Policies and Procedures

MMB Statewide Operating Policy 0703-01 Prompt Payment Processing (*Updated Document Forthcoming*)

See also

[Minnesota Statute 16A.124](https://www.revisor.mn.gov/statutes/?id=16A.285) (https://www.revisor.mn.gov/statutes/?id=16A.285)

[Inter/Intra Agency Reference Guides](https://mn.gov/mmb-stat/documents/swift/training/trainingguides/swift-ap-interagency-payment-vouchers.pdf) (https://mn.gov/mmb-stat/documents/swift/training/trainingguides/swift-ap-interagency-payment-vouchers.pdf)