

CHAPTER 11      DEFINITIONS

## 11. DEFINITIONS

**Account receivables** are short-term receivables that are normally but not necessarily, expected to be collected within one year. Accounts receivable may include trade and non-trade receivables. Trade receivables represent amounts owing by customers for goods and services sold or rendered as part of normal business operations. Non-trade receivables arise from a variety of transactions including overpayments, refunds, cost recoveries or other claims for payment.

**Account verification procedures** are a series of items that must be verified before a manager certifies under section 34 of the F.A.A. They include providing confirmation that:

- a) goods or services supplied have been ordered by an officer with appropriate expenditure initiation authority (i.e. commitment authority under Section 32 of the Financial Administration Act)
- b) the computation of the charges is arithmetically correct
- c) discounts due have been deducted
- d) inadmissible extras have not been added
- e) the account, or part of it, has not been paid previously
- f) the work has been performed, the goods supplied or the services rendered or in the case of other payments, the payee is entitled to or eligible for the payment;
- g) relevant contract or agreement terms and conditions have been met including price, quantity and quality. If in exceptional circumstances, the price is not specified by the contract, that it is reasonable;
- h) where a payment is made before the completion of work, delivery of goods or rendering of services, as the case may be, that such advance payment is required by the contractual terms of the contract;
- i) the transaction is accurate and the financial coding has been provided; and
- j) all relevant statutes, regulations, orders in council and Treasury Board policies have been complied with (e.g. travel policy, etc.).

**Accountable Advances** are defined in the Accountable Advance Regulations (SOR/86-438) as follows:

- a) a sum of money advanced to a person from an appropriation, and
- b) a sum of money advanced to a person from the sum of money described in (a) above such as a petty cash fund for which the recipient will be held accountable.

**Accountable Advances Regulations** SOR/86-438 define the regulatory requirements for the administration of accountable advances and are issued by Treasury Board pursuant to Section 38 (1) of the FAA.

An **accounting period** is a calendar month; for example, Period 1 covers April 1 to April 30. There are 12 accounting periods defined in the IFMMS. The CFMRS has twelve accounting periods with an extended Period 12 (P12.1, P12.2, P12.3, etc.) to process year-end payments, accruals and adjustments.

An **account payable** is a current liability that arises as a result of work performed, goods received, or services rendered and certified under Section 34 of the FAA in one accounting period and paid for in a subsequent accounting period. An account payable may also include other amounts owing but not paid for at period end such as reimbursements related to travel or claims against the Crown, where the extent or value or the amount owing has been determined and agreed to by CSC (as evidenced by the Section 34 certification)

**Accrual at month end** is a process by which an accounting entry is done to properly reflect the expenses in the period in which the services were acquired and a liability incurred.

An **accrued liability** is a current liability and it arises as a result work performed and acknowledged by CSC but for which invoices are not yet due, and for goods provided and services rendered for which an invoice has not yet been received. An accrued liability may also include other amount owing such as claims against the Crown where CSC recognizes it liability but the value of the liability has not been determined nor agreed to by CSC.

**Accrued liability or accrued expense:** liability or expense that has been incurred during the period, but for which an invoice has not been received or has not yet been paid. May result from items such as interest, rent, taxes, or salaries.

An **advance** is a payment, made under the terms of an agreement, that is made before the performance of that part of the agreement for which the payment is being made.

**Advance payments** are payments, under the terms of an agreement that are made before the performance of that part of the agreement for which the payment is being made.

**Allowance for doubtful accounts** is a contra account to accounts receivable. It is an estimate of the amount of accounts receivable which the organization does not expect to be ultimately realized (i.e. accounts receivable for which collection is not expected to occur).

**Amortization** is the systematic allocation of the capitalized value of an asset over its useful life by periodic charges to expenses.

**Assets** are economic resources controlled by the entity as a result of past transactions or events and from which future economic benefits may be obtained.

**Assets under construction** represent the accumulation of capital expenditures to build a capital asset estimated at over \$10,000 upon completion. Capital expenditures are transferred from construction in progress upon substantial completion of the constructed capital asset.

**Authentication** is the process of validating the identity of persons entering or processing electronic transactions.

**Authority to confirm contract performance and price** is the certification, as required by Section 34 of the *FAA* that work has been performed as required, services and supplies have been satisfactorily provided, travel and removal have been carried, contract performance has been in accordance with the contractual terms and conditions, in the case of contributions, the terms and conditions of the relevant contribution arrangement have been met and the claimant is entitled to the payment, in the case of grants, the eligibility and entitlement criteria have been met.

**Authorization** is the process by which systems ensure that persons originating or processing electronic transactions are properly authorized to do so.

**Authorization number** is a unique eight-digit number, assigned by the Receiver General for Canada (RG), to identify a cheque-issue location. The first three digits correspond to the department number. The remaining five digits are assigned by the Cash Management Operations Division within Banking and Cash Management Sector of the Receiver General for Canada, at the time that the DBA is approved.

A **betterment** is a cost incurred to increase the service potential of a capital asset, either by increasing the physical output or service capacity, lowering the operating costs, extending the useful life, or improving the quality of output.

**Cancelled DBA Cheque** is a cheque for which issue has been submitted to SPS and which is:

- (a) Withdrawn for any reason, or
- (b) To be replaced because of a change in the amount or the payee.

A **capital asset** is a tangible or intangible asset that has the following attributes and characteristics:

- a) Specific Use: A capital asset is held for use in the production or supply of goods, delivery of services or program outputs;

- b) Life exceeds one year: A capital asset must have a useful life extending beyond one fiscal year and is intended to be used on a continuing basis;
- c) Not for resale: A capital asset is not an asset intended for resale in the ordinary course of operations;
- d) Ownership and control that clearly rests with the government: An asset of CSC is first and foremost an asset of the Crown and at the same time departmental property of CSC;
- e) Used to achieve government objectives: The asset's use is clearly linked to government objectives; and,
- f) Risks and benefits of ownership clearly rest with the government: This applies to capital leases including leasehold improvements.

A **capital lease** is a lease that, from the point of view of the lessee, transfers substantially all the benefits and risks of ownership of the asset to the lessee (CSC). One or more of the following conditions should be present at the inception of the lease in order for the lease to qualify as a capital lease:

- a) A transfer of ownership takes place.
- b) A bargain purchase option exists.
- c) The lease term is greater than or equal to 75% of the asset's economic life.
- d) The present value of payments is greater than or equal to 90% of the fair value of the asset.

**Cheque issue location** is a department or branch or division thereof, authorized to issue cheques on a DBA, for the purpose of making expenditures in locations where the normal facilities for the issue of RG cheques are not readily available.

**Cheque Series and Cheque Number** is a twelve-digit number that identifies the DBA cheque that has been issued.

A **claim against the Crown** is a request for payment for which no value or service has been received by the Crown, but for which a liability is recognized by the Crown.

A **closed period** is an accounting period in which financial transactions can not be entered or posted (see permanently closed period).

The **closing date** is the date when the accounting period in the various IFMMS modules is closed to any further transactions.

A **commitment** is the encumbering of funds for a specific purpose.

A **commitment authority** is the certification, as required by Section 32 of the FAA, that, for the planned expenditure, there are sufficient unencumbered funds to discharge the debt that will arise as a result of the planned expenditure.

**Completed contract method** is a method of accounting for contracts whereby revenues, expenses, and gross revenue are recognized only in the accounting period when the contract is completed and the goods/services are delivered to the buyer.

A **Contingency** is an existing condition or situation involving uncertainty as to possible gain or loss to an organization that will ultimately be resolved when one or more future events occur or fail to occur.

A **contingent gain** is a potential gain or possible recovery that may be realized if one or more future events occur or fail to occur.

A **contingent liability** is a potential liability which may become an actual liability if one or more future events occur or fail to occur.

A **contingent recovery** occurs when the recipient of a contribution does not meet some or all of the conditions of the contribution.

**Contra-account** is an account that is deducted from another account to modify the recorded amount of that latter account; sometimes called a valuation account.

A **contract** is normally a written agreement that can be enforced by law.

A **contractor holdback** is a portion of the contract payment or the progress payment withheld to ensure the performance of the contract. The holdback is not payable until the contractor has fulfilled all the terms and conditions of the contract.

A **contractual commitment / agreement** represents a written obligation to outside organizations or individuals as a result of a contract and includes any associated on-going costs (e.g. utilities) that are written into or are ancillary to the contract.

A **contribution** is a transfer whereby the recipient maybe expected to repay all or part of the amount in accordance with terms of a contribution agreement. Contribution agreements are subject to audit and accountability.

**Counterfeit item** is any item that has been replicated to resemble a DBA cheque and which an individual is attempting to negotiate or present as a valid DBA cheque.

The **creditor department** is the department to which funds are owed.

The **cut-off date** is the date by which transactions must be entered in order for the transaction to be captured in the proper accounting period.

**Debt write-off** occurs when the balance of an account receivable for a particular client is reduced because the account is considered uncollectible.

The **debtor department** is the department that owes funds.

A **deferred charge** is a classification used to describe amounts paid in a period the use and benefit of which will accrue to the department in future periods (i.e., beyond the next fiscal year).

**Deferred revenues** (or **unearned revenues**) are monies received in advance from parties external to government for which a government entity will provide specified goods or services in the future.

**Departmental Accounting Office (DAO)** is a four-digit code used to identify the CSC office responsible for payment requisitioning or other accounting functions.

**Departmental Bank Account (DBA)** is a bank account in a financial institution in Canada, in the name of a department of the Government of Canada, which is established by the RG and on which that department can draw cheques. The department is not the proprietor of the bank account.

**Departmental Bank Account Cheque** is a cheque drawn on a DBA in Canadian dollars by authorized officer(s).

**Depreciation** is the systematic allocation of the capitalized value of an asset over its useful life by periodic charges to expenses. It is used interchangeably with **amortization**.

A **disbursement** is an outlay of cash. Such disbursements may be in the form of cheques, warrants or through the electronic transfer of funds.

A **disposal** is a cessation of ownership, whether voluntarily (sale or donation) or involuntarily (theft or destruction). The full amortization of an asset does not constitute a disposal, and fully amortized assets should continue to be reflected in the asset records as long as they are being used productively.

**Disposition** is the destruction of records by shredding, pulping, burning, crushing, erasing or any other means to ensure that the information cannot be reused.

The **economic life** is the estimate of either the period over which a capital asset is expected to be used for its intended purpose by any or all parties that will utilize it.

An **entitlement** is a transfer that CSC must make if the recipient meets specified eligibility criteria of a grant or contribution program.

**Environmental liabilities** are the costs identified to manage and provide remediation of environmentally contaminated sites for which CSC is responsible.

An **ex gratia payment** is a benevolent payment made by the Crown under the authority of the Governor in Council. The payment is made to anyone in the public interest for loss or expenditure incurred for which there is no legal liability on the part of the Crown. An ex gratia payment is an exceptional vehicle used only when there is no statutory, regulatory or policy vehicle to make the payment.

**Exchange of Service Agreements** are arrangements between CSC and provincial/territorial governments that specify the terms of an understanding for the cost recovery of several elements related to the maintenance of inmates by CSC on behalf of the province/territory and vice versa. These are negotiated arrangements that are supported by TB submissions or Grants in Council.

**Expenditures** are the cost of goods and services acquired in the accounting period whether or not payment has been made or invoices received and include transfer payments due where no value is received directly in return. An expenditure refers to the **acquisition** of a good or service. Examples would include the payment of grants, contributions, the acquisition or construction of capital assets, and the acquisition of operating supplies etc.

**Expenses** are the cost of resources consumed in and identifiable with the operations of the accounting period. An expense refers to the **use** of the good or service acquired. Expenses include the costs associated with:

- the purchase of goods and services;
- government transfers;
- grants, contributions and donations (non-repayable); and
- the consumption of an asset e.g. amortization of a capital asset, consumption of inventory or prepaid expenses.

Expenses do not include:

- the acquisition or construction of a capital asset;
- the repayment of debt; and
- investments in other entities (both loans and capital injections)

**Fair Value** is an amount that would be agreed upon by informed parties dealing at arm's length in an open market.



**Financial assets** are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance operations. Examples include cash, accounts receivable, and prepaid expenses.

**Financial commitments** are monetary obligations payable to organizations or individuals outside the Government, that become liabilities if and when the terms of contracts, agreements or legislation are met.

**Financial records** are

- a) original instructions for payment or instruments for settlement, or claims for settlement; or
- b) media such as magnetic tape, disk or diskette that contain original instructions or claims or is used to store instructions or claims.

**Foreign currency** transactions involve financial terms denominated in a currency other than Canadian currency.

**Foreign currency exchange** is the value set for the Canadian dollar to be equivalent to a particular foreign currency at the time of the transaction.

**Forgiveness of debt** is the removal of amounts from the financial records of the department and the extinguishing of the debtor's obligation to pay the amount, used where the department wishes to grant relief and waive recovery action on compassionate or other grounds.

**Fraudulent Departmental Bank Account Cheque** is a DBA cheque which has a forged or irregular endorsement, or which has been altered in any way.

**Goods and Services Tax (GST)** is a value added tax collected by the federal government of Canada on the purchase or sale of most goods and services in Canada.

A **grant** is a transfer payment, made to an individual or organization, that is not subject to being accounted for or audited, but for which eligibility and entitlement may be verified or for which the recipient may be required to meet pre-condition.

**Harmonized Sales Tax (HST)** is the aggregate of a value added tax collected by the federal government of Canada on the sale of most goods and services (GST) in Canada, and the provincial value added tax (PST) levied on the goods and services purchased or sold in the participating provinces.

A **holdback** is a portion of the contract payment or the progress payment withheld to ensure the performance of the contract in accordance with its terms and conditions. It is not a payable until the contractor has fulfilled all the terms and conditions of the contract.

**IFMMS** is the CSC Integrated Financial and Materiel Management System.

The **initiator** is the department that raises an interdepartmental settlement transaction.

The **Inmate Accounting System (IAS)** is a central system, operated by PWGSC on behalf of CSC, which accounts for all transactions affecting Inmates' accounts (current account and savings account) in the Inmates Trust Fund.

The **Inmates Trust Fund (ITF)** is a Specified Purpose Account created under the authority of the *Corrections and Conditional Release Regulations (CCRR)* specifically to record all inmate monies received or disbursed by Correctional Service Canada on behalf of inmates. They include Savings, Current and Canteen accounts for each inmate and accounts for the Inmate Welfare Committee, Inmate owned Canteens and various clubs for the inmate population at large.

An **intangible capital asset** is a capital asset that lacks physical substance such as copyrights, trademarks, patents and subscription lists.

**Integrity of financial information** means ensuring the completeness, accuracy and security of information entered into and maintained in the financial systems that report on CSC's financial operations. This is achieved in large part by allowing only authorized individuals to process financial data and providing mechanisms within the systems to electronically validate the identity of the users by one or more processes of authentication.

An **Interdepartmental Settlement** is a transfer of funds between government departments operating within the Consolidated Revenue Fund (CRF).

**Inventory** is all materials and supplies that are held for sale and all materials and supplies that are held for future use in carrying out the operations of CSC.

An **invoice** is a billing document which records the details of a purchase transaction or a claim for the settlement of the amount of indebtedness.

**IS Notification** is a notice sent by SPS (IS) to the initiator and/or recipient departments to confirm that an IS has been processed.

**IS Organization Code (also referred to as Recipient Organization Code)** is a series of numbers assigned by a department to identify interdepartmental transactions. In CSC the convention for the IS Organization Code will be the Resp/Subresp and cost centre number.

**IS Reference Number** is a unique number assigned to an interdepartmental transaction to permit the identification of specific transactions. In CSC the convention for IS Reference numbers will be the purchase order number. In the absence of a P.O. number, managers may select a series of numbers specific to their operation, e.g. a commitment number.

**IS Notification** is a notice sent by SPS (IS) to the initiator and/or recipient departments to confirm that an IS has been processed.

**IS Organization Code** (also referred to as **Recipient Organization Code**) is a series of numbers assigned by a department to identify interdepartmental transactions. In CSC, the convention for the IS Organization Code will be the Resp/Subresp and cost centre number.

**IS Reference Number** is a unique number assigned to an interdepartmental transaction to permit the identification of specific transactions. In CSC the convention for IS Reference numbers will be the purchase order number. In the absence of a P.O. number, managers may select a series of numbers specific to their operation, e.g. a commitment number.

**IS Requisition Number** is a unique number assigned by SPS to a group of IS submitted to the SPS (IS).

A **lease** is a contract between the owner of an asset (lessor) and another party (lessee) for the possession and use of the asset for a specified term, in return for rent or other consideration.

A **leasehold improvement** is a permanent improvement or betterment that increases the usefulness of the leased property and will revert to the lessor at the end of the lease term.

**Leave with income averaging** refers to the 12-month block of time an employee is participating in a leave with income averaging arrangement.

**Leave without pay** refers to a period of leave in which the employee is not paid. The leave must be authorized in accordance with the relevant authority, that is, the collective agreement or the appropriate terms and conditions of employment.

A **liability** is a financial obligation of CSC to its suppliers, both internal and external, and in some instances to its employees, as a result of transactions or economic events that have not been settled on or before the end of the accounting period.

**Maintenance** is the ongoing work required to retain the asset's useful life.

**Materiality** is a term used to identify when an item or amount is considered significant enough to be disclosed, as it's disclosure would have an impact on decisions being made.

**Month end** is the last business day of the accounting period.

**Net Assets/Liabilities** is the difference between assets and liabilities.

**Net Cash Provided by Government** is the net total of all Receiver General (RG) cash reconciliation control accounts, i.e. all payments minus all deposits. This account is closed to Net Assets/Liabilities, and excludes Departmental Bank Accounts, Petty cash and other advances

**Non-Financial Assets** are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities or finance future operations of financial assets and are not intended for sale in the ordinary course of operations. Their economic lives normally extend beyond an accounting period and the assets may be consumed in the normal course of operations.

**Non-monetary transactions** are exchanges of non-monetary assets, liabilities or services for other non-monetary assets, liabilities or services. A non-monetary transaction can also occur as part of a larger transaction containing both monetary and non-monetary considerations. Examples of assets and liabilities that might form part of a non-monetary transaction include, but are not limited to: tangible assets such as real property, machinery and inventory; intangible assets such as rights or privileges; and liabilities such as the obligation to provide future services.

An **open period** is an accounting period in which financial transactions can be entered and posted.

**Operating Expenses** are the cost of resources consumed by CSC in the process of achieving its mission and delivering its programs and services. Expenses include cash payments and the consumption of non-cash resources in the conduct of its operations.

**Overtime** is hours worked that is additional to the normal hours worked.

**Parolee and Mandatory Supervision Assistance Loans** are funds provided to parolees and individuals on mandatory supervision when other sources of monetary assistance are not available.

**Payment procedures** are a series of items that must be verified before a finance officer certifies under section 33 of the FAA. They include providing confirmation that:

- a) verification procedures have been carried out by the Activity Centre Manager (this may be done on a sample basis using the principles outlined in the Treasury Board statistical sampling policy)
- b) all the information on the cheque requisition (payment voucher) is accurate
- c) the payment is for the purposes of CSC's appropriation as voted by Parliament
- d) the payment is in accordance with all relevant statutes, orders-in-council, Treasury Board and CSC minutes, regulations, directives, agreements, etc.
- e) the payment will not result in an expenditure in excess of CSC's appropriation
- f) the payment will not reduce the balance available in the appropriation so that it would not be sufficient to meet the commitments charged against it
- g) the payment is accurately coded and charged to the correct fiscal year.

**Payment Reference Number (PRN)** is a unique 13-digit number assigned by SPS to each payment made by the department.

A **payroll expense** represents the costs of an employee having worked and/or being entitled to a benefit.

A **payroll liability** is a financial obligation of the department to pay salaries or other benefits earned that remains unpaid at the end of the accounting period.

**Percentage of completion method** is a method of accounting for contracts whereby revenues and the related expenses, or the resulting gross revenues, are recognized during each accounting period that work is accomplished on a long-term contract.

A **period-end** is the last day of the month.

The **period end cut-off date** is the cut-off date for entering transactions.

**Periodically** is a term to indicate that an action is required at a minimum at year end; however, in certain instances it may be advisable to do it more frequently during the year.

A **permanently closed period** is an accounting period that cannot be re-opened to enter or post financial transactions and adjustments.

**Petty Cash** is a standing advance of a limited amount of cash held to facilitate and accelerate the processing and payment of low value expenditures.

**Petty Cash custodian** is an individual who is responsible for the control, safeguarding and operation of a petty cash fund.

A **prepaid expense** is an amount paid or accrued for goods or services that have been received or paid in accordance with the terms of a contract, however they

will not be consumed and allocated to expense until future accounting periods when the benefits will occur.

A **prepayment** is an amount paid in advance of receiving goods or services.

**Provincial Sales Tax (PST)** is considered to be a tax of general application, payable by the purchaser on the value of the goods or services, and is levied under a provincial retail sales tax statute, or its equivalent.

The **recipient** is the department that receives an IS transaction.

**Recipient Department Number** is a three-digit identifier assigned by the RG to identify a department.

**Refund of expenditures** refers to the reimbursement to CSC for goods/services previously expensed.

The **regional cut-off date** is a date by which regional offices must have recorded all transactions to be included in the particular month.

**Repairs** are costs incurred to maintain rather than improve the service potential of an asset; the repair activity is in response to a problem with the asset, due to breakage, damage or other circumstances that render the asset inoperable.

**Retention** is the active or dormant storage of records.

**Revenue** is the inflow of cash, receivables or other consideration arising in the course of ordinary activities of an enterprise, normally from the sale of goods, the rendering of services, and the use by others of enterprise resources yielding interest, royalties and dividends.

**Self-funded leave** means authorized leave without pay of between 6 and 12 consecutive months. The employee must request this leave in advance and at that time arrange to have money deposited in a trust account that will provide income during the leave.

**Series Number** is a number selected by the department and approved by CRCD to identify, in the CRCD System, a cheque-issue location.

**Services without Charge** are amounts paid by Other Government Departments (OGDs) and used in the delivery of CSC's programs and services. CSC will not receive a charge from the OGD for these amounts.

**Source documents** are the original documents that provide the supporting information for the generation of an accounting entry.

**Specified Purpose Accounts** (for the purpose of this policy) are accounts established for the deposit of monies the use of which is restricted to specific purposes in accordance with applicable agreements and statutes. These include all accounts involving restricted assets, restricted revenues, and restricted liabilities.

**Standard Payment System (SPS)** is the PWGSC system for processing RG payments.

**Standing Advances** are classified as Accountable Advances and issued pursuant to Section 38 of the *Financial Administration Act (FAA)*. They are recorded directly against PWGSC Loan Vote L15b, Appropriation Act No. 3, 1990. Standing advances are issued in a specific amount for an indeterminate period to facilitate and accelerate the processing and payment of specific expenditures. They include advances for petty cash and standing advances for travel that are issued to employees who, by the nature of their employment, are required to travel regularly. Standing advances are replenished to the original amount and increased or decreased as required.

**Stop Payment** is a process initiated by the department on a DBA cheque which has been lost or stolen or which has been issued in error and which is outstanding at the time of the request. A stop payment is to be initiated only in situations where the cheque is not physically available to the department to be cancelled or voided and the department is unable to recover the cheque before it is negotiated.

**Suspense accounts** are temporary accounts established to permit the processing of transactions that, due to errors or incomplete information, can not be readily classified and distributed to their correct accounts in the General Ledger.

A **temporary advance** is an accountable advance of a limited amount of cash usually issued to facilitate and accelerate the payment of specific expenditures and are cleared immediately following the use for which they are issued.

**Transfer payments** are transfers of money from the department to individuals, organizations or other levels of government for which CSC:

- a) does not receive any goods or services directly in return, as would occur in a purchase/sale transaction;
- b) does not expect to be repaid in the future, as would be expected in a loan transaction; or
- c) does not expect a financial return, as would be expected in an investment.

A transfer payment may require the recipient to provide a report or other information subsequent to receiving payment

An **unused annual leave** is a vacation leave that an employee is authorized to carry forward in the next fiscal year.

**Useful life** is the estimate of either the period over which the capital asset is expected to be used by the department, or the number of production or similar units that can be obtained from the capital asset during use by the department.

**Void Departmental Bank Account Cheque** is a DBA cheque for which issue data has not been submitted to SPS and to which one of the following has occurred:

- the DBA cheque has been spoiled in processing;
- the DBA cheque was printed but due to an error in the information contained on the cheque, it is not released to the payee.
- the payment has subsequently been reissued, with the correct information, as a new cheque; or
- the blank DBA cheque is intended to remain unused.

A **whole asset** is an approach to asset identification that allows a collection of unique assets to form an identifiable functional unit. The unique assets may or may not have the same estimated economic life, however, from an accounting perspective, the components are recorded as one whole asset.

**Working capital advance account** is the total amount of standing advances that can be issued by a department.

A **write-down** is a partial reduction in the value of an asset to its net realizable value.

**Write-off (of a capital asset)** is the complete reduction in the value of an asset and the removal of the asset from the accounting records of the entity.

**Write-off (of debt)** is the removal of amounts from the financial records of the department after all reasonable collection efforts have failed and a debt has been deemed truly uncollectable, but does not free the debtor from his/her obligation to pay the debt.