



April 3, 2023

**MEMORANDUM**

**TO:** Agency Fiscal Officers

**FROM:** David Fulkerson, Deputy Administrator/State Financial Officer  
Division of Financial Management

Pam Menjivar, Bureau Chief  
Division of Statewide Accounting  
State Controller's Office

Scott Smith, Deputy Controller  
Division of Statewide Payroll/Luma Project Manager  
State Controller's Office

**SUBJECT: FY23 YEAR-END CLOSING OF STARS (subject to change due to transition to LUMA)**

The Division of Financial Management (DFM) and the State Controller's Office (SCO) have worked together to develop the following fiscal year-end closing schedule. Between now and mid-July, we will be closing the current fiscal year and preparing for FY24, which requires a series of "fiscal year-end closing" activities. State agencies, the State Controller's Office, the Division of Purchasing, and the Division of Financial Management are all involved in the closing process. Luma will be live for FY24 and this will require some additional activities to prepare for this new system. Please prioritize Luma activities, including any changes to your agency structure in Luma. Further guidance on the approval process for those changes will be forthcoming. As a best practice when moving to a new system, the activities related to STARS agency structure and appropriation load will still occur.

The fiscal year-end (FYE) schedule outlines certain activities and deadlines related to the following:

- purchase requisitions
- organization, program, and budget unit structures
- grant and project purges
- encumbrances
- appropriations

Please be reviewing per FYE Planning Emails:

- FAS hold file
- Interagency billings
- Outstanding warrants
- Financial email notifications

## P-Card Application Instructions

The P-Card liability accounts (GL 2105) **must** be at ZERO when fiscal year 2023 closes. Since STARS is a cash basis accounting system, the P-Card liability should not cross over fiscal years. While P-Card liability accounts should be reconciled on a monthly basis, having them reconciled and cleared at **before moving to LUMA** is critical. With the fiscal year-end approaching, please identify and record any adjustments or corrections as soon as possible. The general fiscal year-end instructions are as follows:

- Process all outstanding “Posted Pending” transactions by June 28.
- June 28 **recommended final date to** process your payment to **US Bank** for June expenditures.
- The above instructions apply only to agencies currently using the P-Card Accounting Application.

If you have questions on how to reconcile the P-Card liability general ledger account (2105), contact the Accounting Service Desk by phone at 334-3100 option 3 or by email at [servicedesk@sco.idaho.gov](mailto:servicedesk@sco.idaho.gov).

### APRIL 2023

**April 4, 2023**

**State Controller’s Office sends out the following reports with instructions:**

- DAFR6640 Organization/Index Hierarchy
- DAFR6660 Program/PCA Hierarchy
- DAFR8540 Budget Unit Table Listing

If your agency needs the manual forms for additions, they are available on the SCO Website. Click on Support > General Accounting > Stars Forms:

- [ORG-23](#) Organization Table Maintenance Form
- [PGM-23](#) Program Table Maintenance Form
- [BU-20](#) Budget Unit Table Maintenance Form

The reports and any necessary forms are **due to DFM by April 14**. Needed for payroll.

**April 5, 2023**

**State Controller’s Office sends out instructions for the following report which will be available in On-line Reporting under SYSID of SFINCL:**

- DAFR0149 Fiscal Year-end Warrant Cancellation Report / Preliminary SCO will transfer cash from purged warrants to Unclaimed Property on June 26, 2023.
- Review outstanding warrants and resolve

- April 6, 2023**      **State Controller’s Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STABLE:**
- DAFR0218 Project Control Purge Indicator
  - DAFR0219 Grant Control Purge Indicator
- April 7, 2023**      **Final day** to submit FY23 purchase requisitions to the Division of Purchasing using either the DA-1 or IPRO.
- April 14, 2023**      **Due date for the following reports and any required forms:**
- DAFR6640 Organization/Index Hierarchy
  - DAFR6660 Program/PCA Hierarchy
  - DAFR8540 Budget Unit Table Listing
- Deliver to the Division of Financial Management, attention: (your agency analyst), 3<sup>rd</sup> floor of the Borah Building.
- April 27, 2023**      **Agencies updating their own PCA’s and Indexes must have 06/30/23 end dates** entered on all FY23 PCA’s and Indexes not being used in FY24. Updates must be completed by close of STARS today.

<b>MAY 2023</b>
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- May 2, 2023**      **Agencies that enter their own PCA’s and Indexes must complete updates before close of STARS today in order to have the May 3 reports show those updates.**
- May 3, 2023**      **State Controller’s Office sends out instructions for the following reports which will be available in On-line Reporting in SYSID of STABLE:**
- DAFR6640 Organization/Index Hierarchy
  - DAFR6660 Program/PCA Hierarchy
  - DAFR8540 Budget Unit Table Listing
- May 12, 2023**      **Due date for the following reports with additional structure adjustments:**
- DAFR6640 Organization/Index Hierarchy
  - DAFR6660 Program/PCA Hierarchy
  - DAFR8540 Budget Unit Table Listing
- Deliver to the Division of Financial Management, attention: (your agency analyst), 3<sup>rd</sup> floor of the Borah Building.
- May 18, 2023**      **State Controller’s Office sends out a notice that the following reports are available in On-line Reporting:**
- DAFR6640 Organization/Index Hierarchy
  - DAFR6660 Program/PCA Hierarchy
  - DAFR8540 Budget Unit Table Listing

**May 19, 2023** State Controller's Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STARSTR:

- DAFR0220 Project Control Purge Preliminary
- DAFR0221 Grant Control Purge Preliminary

**May Month-end Reports** If you normally receive either of the following monthly encumbrance reports:

- DAFR6840 Encumbrance Status by Program, and Object
- DAFR8070 Encumbrance Status by Organization and Object

## JUNE 2023

**June 1, 2023** FY24 Original appropriation amounts will be loaded into LUMA after DFM approval. As a best practice, FY 24 appropriation batches will also be entered using either the web-based Budgetary Module of the Statewide Accounting System or directly in STARS. Batch release requests are due to DFM by June 9.

State Controller's Office sends out the manual listing of prior year sight drafts to be cancelled along with instructions. SCO will transfer cash from cancelled sight drafts to Unclaimed Property on June 26 effective date.

**June 9, 2023** FY24 appropriations are due to the Division of Financial Management for approval.

**June 16, 2023** Recommended final day to input FY23 Interagency billings in STARS and mail documentation to agency being billed.

Recommended to process June expenditure and encumbrance payments.

Agencies should try to limit PCard purchases if at all possible.

**June 20, 2023** Recommended final day to request FAS FY23 corrections, changes or disposals. FAS Hold File –SCO recommends working the FAS Hold File until close of business on June 30, 2023.

FY22 Outstanding Warrant Purge – FY22 outstanding warrants will be cancelled and the related cash sent to State Treasurer's Office, Unclaimed Property.

**June 23, 2023** Last day to enter encumbrances into STARS.  
Deadline to submit a request for Executive Carry Forward to DFM.

- June 27, 2023** Last day to submit FY23 appropriation transactions or any other type of transaction that requires your DFM analyst’s approval.
- June 28, 2023** Last day to process expenditure, IABs and encumbrance payments.  
**Recommended last day to make PCard Payments.**  
**Final Visa file upload from US Bank to PCard.**
- June 30, 2023** Last day for agencies to cancel outstanding encumbrances that will not be liquidated or be requested to be retained in FY24. Related transactions should be input and released by your agency by this date.
- All FAS Hold File Transactions for FY23 should be processed by this date, including disposals of any type. Last day for FY23 Warrant Cancellations.
- IMPORTANT: Receipts deposited with the State Treasurer after 11:00 A.M. on this date will be FY23 receipts.**
- Absolutely the last day to pay US Bank for PCard expenditures.**

**JULY 2023**

- July 3, 2023** Absolutely no payments made in July from STARS.
- Agency-defined year-end preliminary reports will be available in On-line Reporting. These reports can be used to verify the accuracy of data posted to STARS and determine whether any adjustments are necessary before year-end close. All June transactions may not have posted at this time – some may have erred in STARS.
- Expenditure batches that are in error in STARS will need to be deleted and re-entered into LUMA.
- Final June reports will be available on July 12.
- July 3, 2023** First day to process payments in LUMA.
- July 10, 2023** Agencies will be allowed to post FY23 correcting or adjusting entries until 7:00 P.M in mainframe STARS & 5 P.M. in the adjustment module.
- July 11, 2023** **SCO will enter Executive Carry Forward into LUMA.**
- July 12, 2023** June month-end report available.
- July 15, 2023** STARS will be closed to agency personnel. SCO will be conducting FYE closing activities.

**July 17, 2023**

**Executive Carry Forward available for agencies in LUMA.**

**July 20, 2023**

**FYE close reports will be available in On-line Reporting under SYSID of STARSYR.**

**The following reports will be available in On-line Reporting under SYSID of SFINCL:**

- DAFR0158 Prior Year Vendor Payment Detail W/Document Number
- DAFR0210 Prior Year Vendor Payment Information W/O VND #

## **ENCUMBRANCES & EXECUTIVE CARRY FORWARD**

### **Definitions 67-3501B Idaho Code:**

- ❖ "Encumbrance" means the recognition of a commitment that is a reduction against a current year appropriation and will subsequently become an expenditure when a good or service is received.
- ❖ "Executive carry forward" means an increase in the current year appropriation resulting from an unliquidated encumbrance balance from a prior fiscal year.

### **Encumbrances 67-3521 Idaho Code:**

- Encumbrances have the following requirements in Idaho Code:
  - Shall not be in excess of appropriated spending authority.
  - Shall be reported as reductions against appropriations in anticipation of expenditure.
  - Shall be made only for the following:
    - A legally contracted obligation.
    - The accrued cost of a specific product.
    - A service due and payable prior to or as of the end of the current fiscal year or for the term of the contract obligation.
  - Shall not be used as means of reserving a portion of the appropriation of one fiscal year to be used in combination with the appropriation of the following year.
  - An encumbrance shall be entered for all purchase orders issued by the Division of Purchasing (DOP) or issued pursuant to delegated authority approved by the DOP. *This requirement applies year-round and not just for the purposes of executive carry forward.*
- As required by the State Controller's Office and the Division of Financial Management (DFM), all encumbrances that will not be liquidated by payment or have not been approved for executive carry forward must be deleted or liquidated prior to the end of the fiscal year.

### **Executive Carry Forward 67-3521 Idaho Code:**

- Executive Carry Forward (ECF) has the following requirements in Idaho Code:
  - The statutory requirements for encumbrances also apply to ECF.
  - Requests shall be accompanied by proper identification of the accrued cost which must be adequately covered by appropriated funds from the current fiscal year.
  - Requests for Executive Carry Forward that do not have a specific exemption require approval by the Division of Financial Management (DFM).
  - All purchase requisitions must be submitted to the Division of Purchasing (DOP) by the division's fiscal year-end cutoff date for ECF to be requested.
  - The agency must have available current year appropriation that meets or exceeds the amount of the ECF request. *This is required for encumbrances, so the requirement also applies to ECF.*
  - Prior year ECF not liquidated by payment of the accrued cost during the succeeding fiscal year shall revert to the fund from which it originated and shall be recorded as a

- reversion in that fiscal year. Unless an extension is requested and approved by the administrator of DFM.
  - Liquidation of ECF shall be recorded as an expenditure only in the fiscal year in which it is liquidated.
- The following encumbrance items that originated in the current fiscal year will be automatically approved for ECF if not liquidated or deleted prior to fiscal year end. *Prior year ECF will require an approved extension as noted above.*
  - Purchase orders issued by the DOP.
    - When purchase requisitions are submitted by agencies prior to the DOP fiscal year-end cutoff date, but not processed either due to workload or bid requirements, agencies may submit a request for ECF to DFM.
  - Purchase orders issued by an agency under the delegated authority from the DOP.
  - *These two items require an encumbrance to be entered when POs are issued.*
  - *These do not require approval but must be reported to DFM to ensure proper carry forward.*
- The following encumbrance types are exempt from the requirements in 67-3521 and will be automatically approved for ECF if not liquidated or deleted prior to fiscal year end.
  - Vocational educational or career technical reimbursements to educational institutions.
  - Contracts for the construction of highways, bridges, buildings, or other primary structures or capital improvements.
  - *These two items do not require approval for prior year ECF.*
  - *These do not require approval but must be reported annually to DFM to ensure proper carry forward and tracking.*

### **DFM Guidance**

The Executive Carry Forward (ECF) process is meant for existing obligations that are unable to be paid by fiscal year end and not to facilitate the expenditure of all available funds prior to fiscal year end.

#### Definitions:

- ❖ Purchase Requisitions: This applies only to an agency request for the Division of Purchasing to issue a purchase order.
- ❖ Purchase Order: A purchase order issued to a vendor does not in itself create a contract for services or a legal obligation to pay, the acceptance of the PO by the vendor creates the contract or legal obligation for both parties.

#### Guidance

- ECF must comply with all other budgeting and appropriation laws and policies.
- ECF shall be for ordinary and necessary expenditures of the agency. These consist of expenditures necessary for the ongoing maintenance of operations that are imminent and cannot be postponed into the subsequent fiscal year. Unusual or extraordinary purchases will require additional documentation for DFM review as noted below.
- Encumbrances and therefore ECF should not be entered into STARS/LUMA in bulk or with multiple obligations entered as one encumbrance. Each encumbrance for a purchase order, invoice, project, etc. should have a unique encumbrance entry. A large project may



have one encumbrance number but each purchase order, invoice etc. should be entered as a separate line under the parent encumbrance.

- The authorization for ECF is valid for one year. Should the ECF not be liquidated in that time frame, an agency must provide justification for extension including detailing what efforts were made to liquidate and the impact should it not be extended.
- ECF in multiple years will not be approved for any one contract, agencies may still request an extension of carry over if there are delivery delays or other extenuating circumstances.
- Agencies should communicate with DFM when ordering items or contracting for services at the end of the fiscal year to ensure purchases are appropriate and ECF requests meet both statutory and DFM criteria.
- ECF will **not** be approved for:
  - Amounts beyond what is due and payable in the current fiscal year for contracts or projects for which ongoing spending authority has been appropriated. This includes but is not limited to annual lease, licensing, and maintenance agreements, multi-year contracts, etc., that are funded through ongoing appropriation in the agencies budget.
  - For amounts related to salary and benefit obligations.

#### **General Fund Executive Carry Forward:**

- If, at fiscal year-end, the Division of Financial Management and the State Controller's Office agree there is insufficient General Fund available to meet obligations being carried over to the next fiscal year, certain Executive Carry Forward requests will be disapproved and returned until a balance between receipts, expenditures, and cash is achieved. Agencies can provide a priority in their request if this is a concern.

#### **Non-General Fund Executive Carry Forward:**

- Non-General Fund Executive Carry Forward (ECF) requests must be accompanied by a current B-12 Analysis of Funds (see [Budget Development Manual](#)) reflecting prior and current fiscal year-to-date actuals, and subsequent fiscal year's estimated receipts, expenditures, and cash balances.
- All revenue projections are to be based on the existing fee structure. Only changes to fees reflected in current law will be considered.
- Non-General Fund ECF requests will not be approved if there is insufficient cash in the fund at the time of the DFM's review. Additionally, if cash balances fall below that needed to liquidate the encumbrance before the end of the current fiscal year, DFM will reduce the amount to coincide with the available cash.
- Expenditures that are reimbursable from grant sources must identify the fund source and time frame for reimbursement of the expenditure to be approved. .

#### **Examples of Allowable Executive Carry Forward**

- The contract was originally scheduled to be completed prior to the end of the fiscal year but was not and had to be extended.

- The contract is for goods and/or services that would have been delivered during the current fiscal year except for delivery difficulties, unavailability of goods or services, or other reasons beyond the control of the state agency.
- The contract is required to conform to a period different from the state fiscal year, and it is impossible or impractical to ascertain the amount of goods or services delivered or performed prior to the end of the fiscal year.
- Fully executed purchase orders accepted by the vendor prior to June 23, 2023
- Purchase requisitions submitted by April 7, 2023, but not processed due to workload.
- Invoices that are unable to be paid prior to June 30.

### **Agency Instructions and Timeline:**

- For instructions on entering, adjusting and canceling encumbrances, please consult the [Encumbrance](#) chapter of the STARS manual.
- The Division of Purchasing (DOP) has determined that **April 7, 2023**, will be the last day for submitting purchase requisitions.
- If a PO has not been issued for a requisition requested prior to the deadline the DOP will provide a letter at the agency's request notifying them of purchase requisitions that will not be processed and the reasons why they will not be processed. A copy of the letter must be attached to the agency's request for approval of executive carry forward (ECF) and submitted to the Division of Financial Management (DFM) by **June 23, 2023**.
- **All required documentation related to the ECF requested must be fully executed prior to June 23, 2023.**
- Encumbrances not being requested for ECF must be cancelled. Use information on the May month-end encumbrance reports (DAFR8070 or DAFR6840) to remove or reduce any obsolete outstanding encumbrances balances **prior to June 30**. Outstanding encumbrances, which are not to be retained, should be cancelled, or reduced to \$0.00. Agencies should use transaction code 220 R to reduce or 225 to cancel an encumbrance.
  - Agencies using encumbrances throughout the fiscal year as an accounting tool must cancel those not meeting the requirements of Idaho Code 67-3521 prior to June 30.
- Current year-end encumbrances may be entered into STARS through **June 23, 2023**. Note that all encumbrances requested for ECF must be entered into STARS prior to submission to DFM for approval. This includes purchase requisitions received by the Division of Purchasing by the **April 7** cutoff but not processed for various reasons identified in a letter from the Division of Purchasing.
  - The STARS Document Number, Invitation to Bid (ITB) number, or Request for Proposal (RFP) number should be entered in the STARS MPC field.
- Complete ECF requests are due to the appropriate analyst at DFM by **June 23, 2023**. Requests must include a memo, spread sheet, and proper supporting documentation as noted in the documentation section below.
- Current outstanding encumbrances can be paid against, cancelled, liquidated, or adjusted until **June 30**. Any encumbrances that are not approved by DFM for ECF will be cancelled or reduced by SCO.
- **To ensure ECF that is exempt from approval, is not inadvertently deleted, agencies must include all items in the memo and retain documentation for ALL ECF that is intended to move to the next fiscal year.**

- DFM will act upon executive carry forward requests by **July 10, 2023**. Final discretion as to the approval/disapproval of any executive carry forward lies solely with the Administrator of DFM.

### **Documentation Required for DFM Review of Executive Carry Forward:**

- A memo using the template to outline the details of requested executive carry forward including the date the liability was incurred and the estimated date it will be liquidated, as well as a complete explanation of why the executive carry forward is necessary and the possible impact of not retaining it.
- For large requests and for ECF that falls under a specific exemption provide a spread sheet that includes at a minimum; the encumbrance number, amounts to carry forward, fund source, fund type, a brief explanation of the project, estimated liquidation date, code section exception that applies to the items. Each item on the spread sheet must have enough information to be able to directly tie it to the STARS/IBIS encumbrance reports. Agencies using IBIS can download the encumbrance reports and add the missing required information.
- Documentation for ECF that requires DFM approval.
  - Documentation must demonstrate that there has been an “accrued cost of a specific product or service due and payable prior to or as of the end of the current fiscal year” or that there is a legal financial obligation between the agency and the vendor.
  - All contracts, invoices, purchase orders, or other documentation used to support ECF requests must be fully executed prior to **June 23, 2023**, to prove the order was completed resulting in a legal financial obligation. This means that the vendor must have accepted the purchase order prior to the cutoff date.
    - Invoices must be from the vendor, due and payable prior to the end of the fiscal year and accompanied by an explanation why it could not be paid prior to June 30.
    - Contracts must include signatures from all parties, be properly dated, and include an explanation that points to the portion of the contract that supports the request.
    - Any Purchase Order not issued by DOP, including POs issued by the agency regardless of delegated authority must include both the agency and vendor signatures and dates or include proof that the PO was submitted to the vendor prior to **June 1, 2023**, and accepted by the vendor prior to **June 23, 2023**. Proof documents could include an email from vendor accepting the order, order confirmations, shipping confirmations, proforma invoice, etc.
    - “Purchase Requisitions” are only allowable documentation when made to the DOP and accompanied by a notice letter as previously noted.
  - Purchase orders not issued by DOP issued during the month of **June** will **not** be considered for ECF. The DFM cutoff date for agency issued purchase orders will be the **last business day in May**. Proof that the PO was submitted prior to this date is required.
- Documentation for ECF that doesn’t require DFM approval must be available for review if requested by DFM analysts to support any ECF. Agency should retain such documentation as required by the state retention policy and audit protocols. This can be, but is not limited to, purchase orders, invoices, signed vendor contracts, or authorization letters from the Division of Purchasing in the Department of Administration. Agency and vendor representatives, if applicable, must authorize all documentation prior to the end of the state fiscal year.

**[Agency Letter Head]**

## Memorandum

**TO:** Alex Adams, Administrator  
Division of Financial Management

**FROM:** [agency director/administrator], [Title]  
[Agency Name]

**DATE:** [date]

**RE:** FY 2023 Request for Executive Carry Forward (ECF)

### FY 2023 ECF Requiring DFM Approval

*Requests for ECF that do not have any other exemption from statute should be included here.*

[ For each requested ECF, identify the encumbrance related to the request, include the date liability was incurred, estimated date of liquidation, explanation of the need for ECF and the impact if not approved.]

### Extensions for ECF Approved in a Prior Fiscal Year Requiring DFM Approval

*Requests to extend ECF approval in a prior year for an additional year, this includes prior year ECF exempt under 67-3521 (5).*

[Identify original year of approval, original ECF amount, amount requested for extension, provide justification for extension, detailing any delays, all efforts taken to liquidate, and possible impact if extension is not approved]

### ECF Exempt from Approval Under 67-3521(3) Current Year – Reporting Only

*Includes POs issued by the Department of Purchasing (DOP), or POs issued by an agency within their delegated authority as designated by DOP.*

[Include encumbrance number, amount to carry forward, purpose, note DOP or delegated authority, estimated liquidation date.]

### ECF Exempt from Approval Under 67-3521(6) Current and Prior Year. – Reporting Only

*Vocational educational or career technical reimbursement to educational institutions or **contracts** for the construction of highways, bridges, buildings, or other primary structure.*

[Include encumbrance number, original year, amount to carry forward, contract or reimbursement, description of reimbursement or construction project, estimated liquidated date]