



March 31, 2021

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

Two handwritten signatures are present. The first is in black ink and appears to be "David Fulkerson". The second is in blue ink and appears to be "Pam Menjivar".

SUBJECT: FY21 YEAR-END CLOSING OF STARS

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 FY22, 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.

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

P-Card Application Instructions

The P-Card liability accounts (GL 2105) **must** be at ZERO when fiscal year 2021 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 fiscal year-end is critical. With the fiscal year-end approaching, please identify and record any adjustments or corrections as soon as possible. Once your liability accounts

are reconciled, then the processing at year-end should clear these accounts. The general fiscal year-end instructions are as follows:

- Process all outstanding “Posted Pending” transactions by July 7.
- By July 8, process your payment to Bank of America for the June expenditures with a **June effective date**.
- DFM may ask you to submit copies of your year-end P-Card liability account reconciliation. Please be prepared to provide them with this information.
- 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 DSA Helpline by phone at 332-8827 or by email at dsahelpline@sco.idaho.gov.

APRIL 2021

April 1, 2021

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 23**.

April 5, 2021

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 July 7.

April 7, 2021

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 12, 2021

Final day to submit FY21 purchase requisitions to the Division of Purchasing using either the DA-1 or IPRO.

April 23, 2021

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), 3rd floor of the Borah Building.

April 29, 2021

Agencies updating their own PCA's and Indexes must have 06/30/21 end dates entered on all FY21 PCA's and Indexes not being used in FY22. Updates must be completed by close of STARS today. Otherwise, the PCA's and Indexes without end dates will roll to FY22.

MAY 2021

May 3, 2021

Agencies that enter their own PCA's and Indexes must complete updates before close of STARS today in order to have the May 5 reports show those updates.

May 5, 2021

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 14, 2021

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), 3rd floor of the Borah Building.

May 20, 2021

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 21, 2021

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 2021

- June 1, 2021** **FY22 appropriation, allocation and financial plan batches can 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 8.**
- 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 30 effective date.**
- June 8, 2021** **FY22 appropriations are due to the Division of Financial Management for approval.**
- June 18, 2021** **Recommended final day to input FY21 Interagency billings in STARS and mail documentation to agency being billed.**
- June 21, 2021** **Recommended final day to request FAS FY21 corrections, changes or disposals. FAS Hold File –SCO recommends working the FAS Hold File until close of business on June 30, 2021.**
- June 23, 2021** **Final payroll adjustment date.**
- June 30, 2021** **Last day to submit FY21 appropriation transactions or any other type of transaction that requires your DFM analyst’s approval.**
- June 30, 2021** **Last day for agencies to cancel outstanding encumbrances that will not be liquidated or be requested to be retained in FY22. Related transactions should be input and released by your agency by this date.**
- June 30th cont.** **Last day to input and release FY21 encumbrances. Provide a letter of request plus supporting documentation for approval of all current year and prior year outstanding encumbrances to the Division of Financial Management. DFM will review these encumbrances and notify you of the approvals or rejections.**
- All FAS Hold File Transactions for FY21 should be processed by this date, including disposals of any type. FAS access will close on July 1, and will remain closed until Monday, July 19.**
- Last day for FY20 Warrant Cancellations.**
- IMPORTANT: Receipts deposited with the State Treasurer after 11:00 A.M. on this date will be FY21 receipts.**

JULY 2021

July 1, 2021	State Controller's Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STARSYR: <ul style="list-style-type: none">• DAFR0220 Project Control Purge Preliminary• DAFR0221 Grant Control Purge Preliminary
	Document file closed.
	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. Final June reports will be available on July 12.
	P-card Application – If you have not already done so, run Posted/Pending process for June P-card transactions.
July 7, 2021	P-card Application-Bank of America – If you have not already done so, post the Bank of America P-card Application payments using a June effective date. Posting the payment today will allow time the next day to clear any transactions that have bombed in STARS.
	FY20 Outstanding Warrant Purge – FY20 outstanding warrants will be cancelled and the related cash sent to State Treasurer's Office, Unclaimed Property.
July 8, 2021	Agencies will be allowed to post FY21 <u>correcting or adjusting</u> entries until 7:00 P.M in mainframe STARS & 5 P.M. in the adjustment module.
July 12, 2021	June month-end report available.
July 17 & 18, 2021	STARS will be closed to agency personnel. SCO will be conducting FYE closing activities.
July 19, 2021	FAS will re-open. Document file will re-open in mainframe STARS for all fiscal years. Prior year documents will be available in the web applications the following day.
July 22, 2021	FYE close reports will be available in On-line Reporting under SYSID of STARSYR.

July 23, 2021

The following obsolete tables and files will be purged after the IEU:

- Allocation
- Appropriation
- Cash Control
- Document
- General Ledger
- Subsidiary
- Project Control Table
- Grant Control Table

Prior prior year vendor payment file

July 26, 2021

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

- DAFR1220 Project Control Purge
- DAFR1221 Grant Control Purge

July 28, 2021

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

- Encumbrances are governed by Idaho Code 67-3521(2) which contains the following requirements.
 - Encumbrances beyond appropriated spending authority are not allowed.
 - Shall be reported as reductions against appropriations in anticipation of expenditure.
 - Shall be made only for a legally contracted obligation or for the accrued cost of a specific product or 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.
 - Encumbrance requests shall be accompanied by proper identification of the accrued cost which must be adequately covered by appropriated funds from the current fiscal year.
 - Encumbrances are valid for one year.
 - Requests for encumbrances require approval by the Division of Financial Management (DFM).
 - All purchase requisitions must be submitted to the Division of Purchasing by the division's fiscal year-end cutoff date in order for an encumbrance to be requested.
- Encumbrances 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.
- Encumbrance of salary and benefit obligations will **not** be approved.
- The agency must have available current year appropriation that meets or exceeds the amount of the encumbrance request.
- If the encumbrance is approved, it will be considered a reservation/reduction of agency spending authority in the current fiscal year, and does not increase spending authority in the subsequent appropriation year.
- Encumbrances will be considered a reservation of cash to be carried over to the subsequent fiscal year to pay the obligation when all conditions have been met.
- Encumbrances should be tied to a specific vendor.
- Encumbrances will be valid for one year. Should an encumbrance not be liquidated in that time frame, an agency must provide justification for extension including detailing what efforts were made to liquidate the encumbrance and the impact should it not be extended.
- 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 encumbrance requests meet DFM criteria.

General Fund Encumbrances:

- If, at fiscal year-end, the Division of Financial Management and the State Controller's Office agree there is insufficient cash to meet obligations being carried over to the next fiscal year, certain encumbrances will be disapproved and returned until a balance between receipts, expenditures, and cash is achieved.

Non-General Fund Encumbrances:

- Non-General Fund encumbrances must be accompanied by a current B-12 Analysis of Funds (see *Budget Development Manual*) reflecting prior fiscal year, current fiscal year-to-date actuals, and subsequent estimated fiscal year 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 taken into account.
- Non-General Fund encumbrances will not be approved if there is insufficient cash in the fund at the time of the Division of Financial Management's review. Should cash balances fall below that needed to liquidate the encumbrance before the end of the fiscal year, DFM will reduce the encumbrance 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 as an encumbrance.

Guidelines for Encumbrances Tied to Contracts

- An encumbrance is allowable if the contract was originally scheduled to be completed prior to the end of the fiscal year, but was not and had to be extended.
- An encumbrance is allowable if 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.
- An encumbrance may be requested if the contract is required to conform to a time 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.
- Encumbrances beyond amounts due and payable in the current fiscal year will not be approved for contracts or projects for which ongoing spending authority has been appropriated.
- Encumbrances in multiple years will not be approved for any one contract.

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 has determined that **April 5, 2021** will be the last day for submitting purchase requisitions. *Idaho Code, 67-3521 (6)*, states "When purchase requisitions are submitted by agencies prior to the state purchasing agent's fiscal year-end cutoff date, but not processed either due to workload or bid requirements, agencies may submit a request for encumbrance to the administrator of the division of financial management."
The Division of Purchasing will send letters to agencies notifying them of purchase requisitions that will not be processed and the reasons why they will not be processed. Copies of these letters and the purchase requisitions(s) must be attached to the agency's request for approval of FY 2021 year-end encumbrances and submitted to the Division of Financial Management by **June 30, 2021**.
- Encumbrances not being carried forward 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(2) prior to June 30.
- Current year-end encumbrances may be entered into STARS through **June 30, 2021**. Note that all requested encumbrances 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 5** 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 MPC field.
- Agency encumbrance requests are due to the appropriate analyst at DFM by **June 30, 2021**. Please provide proper documentation as noted in the section below.
- Current outstanding encumbrances can be paid against, cancelled, liquidated, or adjusted until June 30. Any encumbrances that are not approved by DFM to be carried forward into the next fiscal year will be cancelled or reduced by SCO.
- DFM will act upon encumbrance requests by **July 5, 2021**. Final discretion as to the approval/disapproval of any encumbrances lies solely with the Administrator of DFM.

Documentation Required for DFM Review of Encumbrances:

- Submit to DFM a memo outlining the details of requested encumbrances including the date the liability was incurred and the estimated date it will be liquidated, as well as a complete explanation of why the encumbrance is necessary and the possible impact of not retaining it.
- Documentation must be available for review by DFM analysts to support any entered encumbrance. This can be, but may not be 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.
- Unusual and extraordinary purchases must be submitted with the answers to the following questions:
 - Was this item previously requested via the budget process?
 - If so, what was the result of that request?
 - Did a critical piece of equipment fail unexpectedly?
 - Was this item planned for replacement in future years?
 - Does the encumbrance for this item obligate the agency to ongoing costs not addressed in the regular appropriation?
 - What are the consequences of not funding this item?

Questions?

Contact your DFM analyst and/or Pam Menjivar at the SCO for any assistance needed in completing the year-end closing process. We appreciate your participation and cooperation.

The FY21 Year-End Closing memo can be found on the Internet at <http://dfm.idaho.gov> in the “State Agencies” section.

cc: State Controller's Office
Division of Purchasing
Legislative Services Office
Financial Management Analysts