

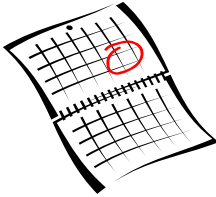
F. ACCRUED GENERAL FUND EXPENDITURES - OTPS

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Critical Dates

- **June 30, 2009** – Last date to receive goods and services for Fiscal Year 2009
- **July 1 – July 18, 2009** – Period to enter Fiscal Year 2009 expenditure vouchers with 12/09 accounting period
- **July 11, 2009** – Start initial encumbrance “roll”.
- **July 20 – August 28, 2009** – Automatic two-sided MYs are generated in FMS
- **July 21, 2009** – Start of audit of two-sided MYs
- **August 2, 2009** – The 2nd “Roll” of encumbrances
- **August 22, 2009** – The 3rd “Roll” of encumbrances
- **August 31 – September 25, 2009** – Submit MY entry in FMS and review of one-sided Fiscal Year 2009 accruals
- **August 30, 2009** – Lapse all open encumbrances.

Note: The Critical dates for the Department of Environmental Protection year-end OTPS accruals have been issued under separate cover.

Overview

Financial control, is one of the primary goals of FMS, includes the establishment of budgetary control over “Other Than Personal Services” (OTPS) expenditures, such as supplies, materials, equipment and services. The New York City Charter establishes the legal budgetary control at the Unit of Appropriation level. The total of pre-encumbrances (requisitions), encumbrances (purchase orders and contracts) and expenditures should not exceed an agency’s budget at the Unit of Appropriation level. FMS records commitments using requisitions to reserve funds prior to the issuance of encumbrances. Once an encumbrance has been entered in FMS, the requisition is cleared. When the payment expense voucher (PVE) is accepted into FMS, the encumbrance is cleared by the PVE and a liability is recorded in FMS until it is liquidated by the issuance of a warrant by FMS.

Generally Accepted Accounting Principles (GAAP), promulgated by the Governmental Accounting Standards Board (GASB) requires that outstanding encumbrances at year-end not be recorded as expenditures. Therefore if the goods or services referenced by an encumbrance have not been received by June 30, 2009, the encumbrance must “Roll” to the following fiscal year, with no expenditure charged against Fiscal Year 2009. **PROPER RECORDING OF EACH AGENCY’S EXPENDITURES IS CRITICAL TO THE ACCURATE REPORTING OF THE CITY’S FINANCIAL RESULTS OF OPERATIONS.**

The “Roll” of encumbrances will begin on July 11, 2009 and continue until August 22, 2009. There should be no interruption of payments to vendors, since all encumbrances will be available for processing in the appropriate fiscal year. **All Fiscal Year 2009 open encumbrances that are under \$25.00 will be lapsed on August 30, 2009.**

1. Procedures

- Each agency receives the FMS E641 report- Aged Open Agreements by Payee/Vendor report on a monthly basis.

- Agencies should review this report each month and at year-end agencies should determine if the open items should be reduced or carried forward to Fiscal Year 2010.
 - Items referencing goods or services received by June 30, 2009 should be left open. These open items will be automatically rolled over to Fiscal Year 2010 if they are not vouchered by August 28, 2009.
 - Items that have not been delivered by June 30, 2009, should be rolled and the expenditure will be charged to Fiscal Year 2010.
- Encumbrances must be established early enough in Fiscal Year 2009 to allow sufficient time for goods and services to be received by the June 30, 2009 cutoff date. Further, it is a violation of the City Charter, as well as the City's purchasing procedures, to place orders with a vendor prior to the acceptance of purchase orders or contracts into FMS.
- To minimize the amount of year-end work, vouchers should be promptly processed against contracts and purchase orders for goods received or services rendered prior to July 1, 2009. **Fiscal Year 2009 vouchers will be processed in FMS through July 18, 2009 by entering 12/09 in the accounting period field.** Agencies should make every effort to process Fiscal Year 2009 payment vouchers on line by July 13, 2009, to provide sufficient time to correct any errors. **After July 18, 2009, all vouchers processed should have a blank accounting period.** They will be charged against Fiscal Year 2010 and a two-sided MY will be automatically generated if they represent valid Fiscal Year 2009 charges (i.e., delivery period prior to July 1, 2009).

2. Criteria for Fiscal Year 2009 Expenditures

- Goods and services received by June 30, 2009.
- Utilities and other services - for services received that span two fiscal years, **if the voucher is processed between July 1 and July 18, 2009 TWO vouchers should be entered into FMS, one indicating Fiscal Year 2009 charges (Month 12 entered in Accounting Period field) and one reflecting Fiscal Year 2010 charges (Accounting Period field left blank).** For those invoices that span two fiscal years and are accepted in FMS after July 18th, FMS will pro-rate the expenditures into the appropriate fiscal year indicated by the FROM/TO dates recorded in the delivery period section.
- Program Contracts – Fiscal Year 2009 accruals for program contracts should be established for only those expenditures incurred through June 30, 2009. A program contract is between an agency and a contractor or vendor to administer programs that provide both social and other governmental services.
- Audits/Evaluation Contracts - Estimated expenditures against contracts for audits, evaluations of programs or program agencies may be charged to Fiscal Year 2009 if the period being audited/evaluated ends no later than September 30, 2009. Accruals falling under this category will be accepted even though the audit is to be done in Fiscal Year 2010.
- Leases - If an agency remains in possession of the premises after the expiration of a lease and prior to the lease being renegotiated, rental expenditures for the period between the lease expiration and June 30, 2009 must be accrued.

- Postage - Expenditures for postage, including postal meters and stamps should only be charged to Fiscal Year 2009 if the expenditure applies to items purchased (stamps) or meter amounts increased by June 30, 2009. The purchase of stamps or the increasing of meter amounts on or after July 1, 2009, is a Fiscal Year 2010 expenditure.
- Expenditures for periods of service received through June 30, 2009, for which contract amendments are awaiting approval, represent valid Fiscal Year 2009 expenditures and should be accrued.

3. "Roll" of Encumbrances

- FISA will load roll tables PORL (with open encumbrance document header information) and POR2 (with open encumbrance lines) on July 1, 2009.
- On July 11, 2009 agencies will be able to start to roll or lapse the Fiscal Year 2009 encumbrances. The FMS global setting will be set to "hold". If an agency takes no action, then all encumbrances will remain "open".
- On August 2nd, the second Roll criteria will be the same as the July 11th above.
- On August 22nd, agencies must identify which encumbrances should be lapsed. Otherwise, all encumbrances will be rolled because the FMS global setting will be set to "roll" from Fiscal Year 2009 to Fiscal Year 2010. Therefore, all open Fiscal Year 2009 encumbrances will be charged against the Fiscal Year 2010 budget. **Encumbrances less than \$25.00 cannot be rolled, so they will automatically be lapsed.**
- FISA will perform a final "Roll" of the open valid outstanding Fiscal Year 2009 encumbrance balances on August 30th. Any encumbrances not rolled because of an error will be lapsed.
- After the "Roll" all agencies should check to make sure that all documents that should have rolled did roll to Fiscal Year 2010. If there is a problem, call the FISA Call Center at (212) 857-1700. **On August 30th, all open encumbrances not rolled will be lapsed.**

4. Voucher Processing for Fiscal Year 2009



NOTE:

The last date to charge vouchers directly to Fiscal Year 2009 will be July 18, 2009. For all vouchers processed through July 18th enter 12/09 in the Accounting Period field.

5. Voucher Processing in Fiscal Year 2010

- Vouchers representing valid charges for Fiscal Year 2010 should be processed online into FMS in the normal manner beginning July 1st.
- **Vouchers representing valid Fiscal Year 2009 charges and accepted in FMS after July 18, 2009 will be charged to Fiscal Year 2010 until the Multi-Year Accrued Expense Journal Entry (MY) is automatically generated by FMS based upon the delivery dates entered on the voucher. The MY will reduce the expenditure in Fiscal Year 2010 and charge it back to Fiscal Year 2009.**

The criterion for transferring a Fiscal Year 2010 charge to Fiscal Year 2009 is that goods and/or services were received no later than June 30, 2009.

6. Encumbrance/Voucher Modifications/Cancellations

- Modifications and cancellations of Fiscal Year 2009 vouchers referencing Fiscal Year 2009 encumbrances may be entered into FMS no later than July 18th. For voucher modifications and cancellations processed through July 18th enter 12/09 in the Accounting Period field to properly affect Fiscal Year 2009.

7. Multi-Year Accrued Expense Journal Entry (MY)

- **Vouchered items**

For payment vouchers accepted into FMS from July 20, 2009 to August 28, 2009, with delivery periods prior to July 1, 2009, two-sided MYs will be automatically generated by FMS to transfer these charges back to Fiscal Year 2009.

The agency should review the validity of the automatically generated two-sided MYs and should have all documentation available for audit to substantiate the Fiscal Year 2009 charges. The review of the two-sided MY will begin on July 21, 2009 by the Comptroller's Office, Bureau of Accountancy, Accrued Expenditures Unit.

If payment vouchers are accepted into FMS from July 20, 2009 through August 28, 2009, and a two-sided MY is **not automatically** generated due to a key punch error on the delivery period From/To Dates, but the expenditures are for goods or services received no later than June 30, 2009, the agency **should manually** enter a two-sided MY (**TOTPS09** or **TOTPSM09**) into FMS and submit it to the Comptroller's Office, Bureau of Accountancy, Accrued Expenditures Unit for approval. All supporting documentation pertaining to these transactions should be submitted to substantiate the Fiscal Year 2009 charges.

Automated generation of Multi-Year Accrued Expenditure (MY) documents will automatically prorate prior year expense whenever a Payment Voucher has delivery periods (From/To dates) that span two fiscal years. Delivery periods prior to 07/01/09 will not have an automated MY generated. These should be cleared against prior year accruals in November.

- **Items not vouchered**

One-sided MY documents must be prepared for those items received and/or services performed prior to July 1, 2009 for which no payment voucher has been accepted into FMS by August 28, 2009. The one-sided MY documents should be manually entered into FMS to establish the accrued expenditure for Fiscal Year 2009.



NOTE:

Agencies should not submit one-sided MY document accruals for items that were already transferred to Fiscal Year 2009 via two-sided MY documents.

Submission of the one-sided MY Package

- One-sided MYs are to be entered online into FMS beginning August 31, 2009.
- The final date to enter one-sided MYs is September 25, 2009.
- A printout of the completed MYs with the schedule of Accrued Expenditures should be submitted to the Comptroller's Office, Bureau of Accountancy, Accrued Expenditures Unit for review no later than September 25, 2009.

▪ **Documentation required supporting Fiscal Year 2009 expenditures**

- 1) For goods:
 - ⇒ Vendors invoices
 - ⇒ Shipping documents dated June 30, 2009 or prior
 - ⇒ Receiving reports dated June 30, 2009 or prior
- 2) For services:
 - ⇒ Vendors invoices
 - ⇒ Signed certifications that the services were performed by June 30, 2009
- 3) Program contracts:
 - ⇒ Claims or bills showing expenditures incurred through June 30, 2009, payments or advances applied to these expenditures should be reflected
- 4) Leases:
 - ⇒ Rent bills showing the amount of expenditures incurred through June 30, 2009
- 5) Retainage:
 - ⇒ If retainage withheld has not been entered in FMS, submit computation as to how the retainage amount was determined (usually shown as a deduction from the vendor's invoice)

i.e.:	Vendor's Invoice	\$10,000
	- 1% retainage	\$100

- ⇒ Date the retainage amount will be paid
- ⇒ Explanation why the agency is not using FMS to withhold retainage



NOTE:

Retainage functionally is available in FMS for both General and Capital Funds.

All documentation requested by the Comptroller's Office must be original and available for audit; NO exceptions will be made.

• **Adjustments and Clearings of one-sided MY**

When an agency submits a one-sided MY to accrue expenditures for Fiscal Year 2009, a subsequent MY clearing document must be submitted to the Comptroller's Office, Bureau of Accountancy, Accrued Expenditures Unit when a partial or full payment is made in Fiscal Year 2010 for the Fiscal Year 2009 accrued expenditure. The processing of the MY clearing document will decrease the expenditure in Fiscal Year 2010 and reduce the open accrual in Fiscal Year 2009.

- **Multi-Year Accrued Expenditures Distribution (MYD) (MY clearing document).**

The MYD is used when a MY was partially cleared in a previous Budget Fiscal Year (BFY) or when the structure is different.

Features of the MYD:

- To clear prior fiscal year expenditures for which the MY accrual line has been partially cleared in a previous year. (BFY on the MYOL clearing section other than Fiscal Year 2010)
- Each Prior Year Accrual line requires one MYD which can have multiple Current Year Clearing lines. (Same Unit of Appropriation/Object Code)
- Each Current Year Clearing line requires a unique line number.
- A MY has a limit of 100 accounting lines from 00 to 99. Each MYD processed will create a new line for a MY document. Please be careful and always check the information on the MYOL screen before preparing a MY clearing or MYD clearing transaction.
- **At no time** should the total amount to be cleared for a particular agency code unit appropriation - budget code - detail object code structure exceed the accrual originally established on the one-sided MY.
- All clearing documents will be audited. All original documentation must be available for audit.
- On November 2, 2009, agencies should begin submitting clearing documents to the Comptroller's Office Bureau of Accountancy, Accrued Expenditures Unit for review and approval. (See example for voucher listing on page 53)

8. **Reimbursable Expenditures**

Agencies must ensure that a revenue receivable has been entered in FMS for every expenditure, actual or accrued which generates reimbursable revenues from a grantor. Further, agencies making any adjustment (increase and/or decrease) for a reimbursable expenditure must also make a corresponding adjustment for the revenue receivable. (**See Section C**)