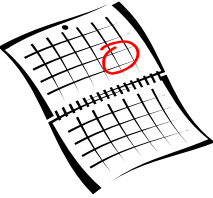


## E. ACCRUED GENERAL FUND EXPENDITURES - OTPS

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### Critical Dates

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- **June 30, 2016** – Last date to receive goods and services for Fiscal Year 2016
  - **July 8, 2016** – End of period to enter Fiscal Year 2016 expenditure Payment Requests with accounting period 12
  - **July 9, 2016** – First Encumbrance “Roll”
  - **July 11, 2016** – Start of Automated Accruals & Clearings (ACCA/ACLA) generated in FMS Accounting for documents with service dates between 7/1/15 thru 6/30/16
  - **July 11, 2016** – Start of review of Automated Accruals & Clearings
  - **August 13, 2016** – Second Encumbrance “Roll”
  - **August 19, 2016** – End of Automated Accruals & Clearings (ACCA/ACLA) generated in FMS Accounting
  - **August 20, 2016** – Lapse all open encumbrances; No new FY 2016 expenditures documents or increases to existing FY 2016 expenditures documents can be processed.
  - **August 22, 2016** – Start set up of Manual Accrual document (ACC) in FMS Accounting and review of Manual Accruals for Fiscal Year 2016
  - **September 2, 2016** – End of Set up of Manual Accrual document (ACC) in FMS Accounting and review of Manual Accrual for Fiscal Year 2016

**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 Accounting, 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 Agencies budget at the Unit of Appropriation level. FMS Accounting records commitments using requisitions to reserve funds prior to the issuance of encumbrances. Once an encumbrance has been entered in FMS Accounting, the requisition is cleared. When the Payment Request for encumbrance (PRN2 or PRC2) is accepted into FMS Accounting, the encumbrance is cleared by the payment request and a liability is recorded in FMS Accounting until it is liquidated by the issuance of a check by FMS Accounting.

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, 2016, the encumbrance must “Roll” to the following fiscal year, with no expenditure charged against Fiscal Year 2016. **PROPER RECORDING OF EACH AGENCIES EXPENDITURES IS CRITICAL TO THE ACCURATE REPORTING OF THE CITY’S FINANCIAL RESULTS OF OPERATIONS.**

The “Roll” of encumbrances will begin on July 9, 2016 and continue until August 13, 2016. 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 2016 open encumbrances that are under \$25.00 will be lapsed on August 20, 2016.**

## 1. Procedures

- Each Agency can access the FMS Accounting (AGOENC-002) report - Aged Open Agreements by Payee/Vendor in Info-Advantage 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 2017.
  - Items referencing goods or services received by June 30, 2016 should be left open. These open items will be automatically rolled over to Fiscal Year 2017 if a Payment Request is not prepared by August 19, 2016.
  - Items that have not been delivered by June 30, 2016, should be rolled and the expenditure will be charged to Fiscal Year 2017.
- Encumbrances must be established early enough in Fiscal Year 2016 to allow sufficient time for goods and services to be received by the June 30, 2016 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 Accounting.
- To minimize the amount of year-end work, Payment Requests should be promptly processed against contracts and purchase orders for goods received or services rendered prior to July 1, 2016. **Fiscal Year 2016 Payment Requests will be processed in FMS Accounting through July 8, 2016 by entering Accounting Period 12 in the accounting period field (from last week in June to July 8).** Agencies should make every effort to process Fiscal Year 2016 Payment Requests in FMS Accounting by July 5, 2016, to provide sufficient time to correct any errors. **After July 9, 2016, all Payment Requests processed should have a blank accounting period.** They will be charged against Fiscal Year 2017 and an automated accrual document will be automatically generated if they represent valid Fiscal Year 2016 charges (i.e., service period between July 1, 2015 and June 30, 2016).

## 2. Criteria for Fiscal Year 2016 Expenditures

- Goods and services received by June 30, 2016.
- Utilities and other services - for services received that span two fiscal years, **if the Payment Request is processed between July 1, 2016 and July 9, 2016 TWO Payment Requests should be entered into FMS Accounting, one indicating Fiscal Year 2016 charges (Month 12 entered in Accounting Period field) and one reflecting Fiscal Year 2017 charges (Accounting Period field left blank).** For those invoices that span two fiscal years and are accepted in FMS Accounting after July 8, 2016, FMS Accounting will pro-rate the expenditures into the appropriate fiscal year indicated by the Service From/To dates recorded in the service date tab on the Accounting Line of a PR document.
- Program Contracts – Fiscal Year 2016 accruals for program contracts should be established for only those expenditures incurred through June 30, 2016. 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 Agency may be charged to Fiscal Year 2016 as long as the period being audited/evaluated is for Fiscal Year 2016. Accruals falling under this category will be accepted, even though, the audit is to be done in Fiscal Year 2017.

- 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, 2016 must be accrued.
- Postage - Expenditures for postage, including postal meters and stamps should only be charged to Fiscal Year 2016 if the expenditure applies to items purchased (stamps) or meter amounts increased by June 30, 2016. The purchase of stamps or the increasing of meter amounts on or after July 1, 2016, is a Fiscal Year 2017 expenditure.
- Expenditures for periods of service received through June 30, 2016, for which contract amendments are awaiting approval, represent valid Fiscal Year 2016 expenditures and should be accrued.

### 3. **"Roll" of Encumbrances (Refer to FISA Bulletin and Roll and Lapse Manual)**

- On July 1, 2016 FISA will load roll tables RLPSS (Roll/Lapse Summary Pre-Selection Table) with open encumbrance document header information and RLPSD (Roll/Lapse Detail Pre-Selection Table) with open encumbrance lines.
- On July 9, 2016 Agencies will be able to start to roll or lapse the Fiscal Year 2016 encumbrances. The FMS Accounting global setting will be set to "hold". If an Agency takes no action, then all encumbrances will remain "open".
- Agencies should select the document code (i.e. POC, PON1 etc...) they would like to have rolled using the OAOD table (Open Activity Options by Agency). This table should be updated before the first roll.
- To select specific documents and document lines to roll, Agencies should always use the RLPSS summary table to set the document to roll; and then update the RLPSD table to set up the details by line.
- On August 13, 2016, there will be another Roll. Criteria will be the same as July 9, 2016 above.
- On August 13, 2016 Agencies must identify which encumbrances should be lapsed. Otherwise, all encumbrances will be rolled because the FMS Accounting global setting will be set to "roll" from Fiscal Year 2016 to Fiscal Year 2017. Therefore, all open Fiscal Year 2016 encumbrances will be charged against the Fiscal Year 2017 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 2016 encumbrance balances on August 20, 2016. Any encumbrances not rolled because of an error will be lapsed.
- After the "Roll" all Agencies should check Document Catalog to make sure that all documents that should have rolled did roll to Fiscal Year 2017. If there is a problem, call the FISA Call Center at (212) 857-1700. **On August 20<sup>th</sup>, all open encumbrances not rolled will be lapsed.**



**NOTE:**

The last date to charge Payment Requests directly to Fiscal Year 2016 will be July 8, 2016. For all Payment Requests processed through July 8, 2016 enter month 12 in the Accounting Period field.

**4. Payment Request Processing in Fiscal Year 2016**

- Payment Requests representing valid charges for Fiscal Year 2016 should be processed using FMS Accounting in the normal manner before accounting period 12 closes.
- **Payment Requests representing valid Fiscal Year 2016 charges and accepted in FMS Accounting after July 8, 2016 with the appropriate service dates will be charged to Fiscal Year 2017 until the ACCA/ACLA is automatically generated by FMS Accounting based upon the service dates entered on the Payment Request. The ACLA will reduce the expenditure in Fiscal Year 2017 and charge it back to Fiscal Year 2016.**

***The criterion for transferring a Fiscal Year 2017 charge to Fiscal Year 2016 is that goods and/or services were received no later than June 30, 2016.***

**5. Accrued Expense (Refer to Automated Accrual and Clearing Manual located on the FISA Training Portal)**

- **Payment Request items**

For Payment Requests accepted into FMS Accounting from July 11, 2016 to August 19, 2016, with service dates between July 1, 2015 thru June 30, 2016, ACCA/ACLA will be automatically generated by FMS Accounting to transfer these charges back to Fiscal Year 2016. The ACCA is generated when the payment request is Final and the ACLA is generated when payment is disbursed.

The Agency should review the ACRI table or Document Catalog (using the PR document id and doing a Forward Reference to view ACCA/ACLA) to verify the validity of the automatically generated ACCA and ACLA documents and should have all documentation available for review by the Accrued Expenditures Unit to substantiate the Fiscal Year 2016 charges. The review of ACCA and ACLA documents will begin on July 11, 2016 by the Comptroller's Office, Bureau of Accountancy, Accrued Expenditures Unit.

If Payment Requests are accepted into FMS Accounting from July 11, 2016 through August 19, 2016, and ACCA and ACLA documents are **not automatically** generated due to a key punch error on the service period From/To Dates, but the expenditures are for goods or services received no later than June 30, 2016, the Agency **should include these items in the Manual Accrual (ACC) set up and clear the FY 2016 charges beginning November 1, 2016**. All supporting documentation pertaining to these transactions should be available to substantiate the Fiscal Year 2016 charges.

Automated generation of multi-year accrual documents will automatically prorate prior year expense whenever a Payment Request has service periods (From/To dates) that span two fiscal years. **Service periods prior to July 1, 2015 will not have an automated ACCA document generated. These should be cleared against prior year accruals in November.**

▪ **Items not Processed using a Payment Request**

Manual accrual documents (ACC) must be prepared for those items received and/or services performed prior to July 1, 2016 for which no payment request has been accepted into FMS Accounting by August 19, 2016. The manual accrual documents with a prefix of 'OTPS16' should be manually entered into FMS Accounting to establish the accrued expenditure for Fiscal Year 2016.

	<b>NOTE:</b> <b>Agencies should not submit manual accrual documents for items that were already transferred to Fiscal Year 2016 via automated accrual and clearing documents.</b>
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**Submission of the Manual Accrual Package**

- Manual Accrual documents are to be entered into FMS Accounting beginning August 22, 2016.
- The final date to enter manual accruals is September 2, 2016.
- The schedule of Accrued Expenditures should be submitted to the Accrued Expenditures Unit via email to the [AccruedExpenditures@comptroller.nyc.gov](mailto:AccruedExpenditures@comptroller.nyc.gov) mailbox for review no later than September 2, 2016.

▪ **Documentation required for supporting Fiscal Year 2016 expenditures**

- 1) For goods:
  - ⇒ Vendor invoices
  - ⇒ Proof of delivery dated June 30, 2016 or prior
- 2) For services:
  - ⇒ Vendor invoices
  - ⇒ Signed agency certifications that the services were performed by June 30, 2016
- 3) Program contracts:
  - ⇒ Claims or bills showing expenditures incurred through June 30, 2016, payments or advances applied to these expenditures should be reflected
- 4) Leases:
  - ⇒ Rent bills showing the amount of expenditures incurred through June 30, 2016
- 5) Retainage:
  - ⇒ If retainage withheld has not been entered in FMS Accounting, 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 Accounting to withhold retainage



**NOTE:**

**Retainage functionality is available in FMS Accounting for both General and Capital Funds.**

▪ **Adjustments and Clearings of manual accruals**

When an Agency submits a manual accrual document (ACC) to accrue expenditures for Fiscal Year 2016, a subsequent manual clearing document (ACL) 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 2017 for the Fiscal Year 2016 accrued expenditure. The processing of the accrual clearing document will decrease the expenditure in Fiscal Year 2017 and reduce the open accrual in Fiscal Year 2016.

- **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 manual accrual document (ACC).
- All manual clearing documents (ACL) will be reviewed with the appropriate supporting documentation (see note below).

On November 1, 2016, Agencies should begin submitting the Payment Request Listing (See example of the Payment Request listing on Page 39) to the Accrued Expenditures Unit in Excel format via email to the [AccruedExpenditures@comptroller.nyc.gov](mailto:AccruedExpenditures@comptroller.nyc.gov) mailbox. A statistical sample of payment requests will be selected for review. The supporting documentation for the selected payment requests should be uploaded in PDF format to the Comptroller's File Transfer Portal (FTP). For more information regarding FTP contact the Accrued Expenditures Unit at the email address provided above.

- The FY 2017 ACL document ID's should end with the letter "H".



**NOTE:**

**The PDF of the supporting documentation must contain scanned images of the original documents in order to be considered acceptable. The use of color scanner machines is preferred, but not required, as it makes the determination of whether or not the scan is of an original document easier. Please remember that files remain on FTP for only 14 consecutive days to conserve space, so it is imperative that you inform the Accrued Expenditures Unit as soon as you have uploaded your files to FTP.**

***Original documentation must be retained on file and available for review upon request;***

**6. Reimbursable Expenditures**

Agencies must ensure that a revenue receivable has been entered in FMS Accounting 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.)**