

TO: Distribution

FROM: Assistant Director for Finance
Office of Financial Management (OFM)

SUBJECT: Fiscal Year (FY) 2001 Closing

Again this year, we critiqued the Fiscal Year Closing process to improve it for the FY 2001 closing. Based on our critique, the feedback we received, and in response to our auditor's findings, we have made some minor changes. The guidance contained in this memorandum has incorporated these changes. The majority of this year's closing process is the same as last year's process.

I. Analyses & Purges.

In response to the auditors recommendation, and based on sound financial management practices, we more closely analyzed our open documents and specific general ledger account balances before the end of the fiscal year. For the past few years, near the end of each fiscal year, we purged a large number of open records. With few exceptions, the criteria for the removal of those open records has been found to be sound, but not as effective as it could have been. This year, we analyzed more open records and our processes were more aggressive. Many open records meeting the more stringent purge criteria were closed on May 11, and more will be closed on September 25, 2001.

Based on this analysis, we will remove more stale, unnecessary balances from the accounting system. Please review documents for FY 2000 and prior to ensure that all valid charges have been properly posted. IC staff can review documents eligible to be closed in the NIH Data Warehouse. The pre-defined query can be located in the Budget and Finance module/Current Open Documents/Open Documents Eligible to be Closed Out.

II. Grants

There is a continuing need to be very precise in the recording of grant obligations. The amounts recorded in the Central Accounting System (CAS) must equal the amounts in the Information for Management, Planning, Analysis and Coordination (IMPAC) System to produce timely, consistent, and accurate budget tables and other reports.

This year, we will leave the CAS open two extra days to allow for the entry of new grant awards through October 2. Additionally, the CAS will accept revisions and/or CAN changes through October 5. This will also give OFM staff extra time to correct any erroneous grant data. This should eliminate the need for estimates on grant obligations.

III. Contracts

As occurred last year, if contracts come to the OFM after the deadline (9/21), the OFM will make every attempt to record the obligations in the CAS by year end. IC budget staff should provide detailed documentation in support of research contract obligations not entered into the CAS as of the October 2 closing. OFM staff will strive to record these transactions in the CAS as actuals and not as estimates (to be reversed).

IV. Corrections

Based on IC Budget Officers' reports and our own knowledge, OFM staff will separately correct erroneous information posted in the accounting system, especially those with large dollar amounts. These items will be included in separate batches that will **not** be adjusted once the new fiscal year begins. Requests for corrections should continue to be documented and transmitted to OFM in the same format as used throughout the year.

Correcting entries and estimates must not be mixed.

V. Estimates

(a) First Batch - Long-Term Estimates

The OFM staff will record obligational estimates of costs incurred such as telecommunication costs, postal charges, some training requests and a few other categories. These amounts will be posted and tracked via a distinct batch to permit the obligation to remain on the books during FY 2002 until the actual transactions are entered in the CAS. IC budget office staff will need to track these transactions and request OFM staff to remove individual estimates once the actual transactions have been entered into the CAS. However, if the actual costs are not posted within six months (by 3/29/02), then OFM staff will remove the remaining estimates from the accounting system. Please maintain documentation to support these postings within your IC budget office.

(b) Second Batch - Short-Term Estimates

We will add another batch for short term estimates which will be placed on the books at the FY end but will be reversed once the new fiscal year begins. This batch will be for items that reflect obligations for all estimates not covered above.

As demonstrated in past years, this approach will result in a more accurate closing which will enhance our ability to create complete reliable financial statements. Please maintain supporting documentation as stated above.

VII. Reminders

The ADB will be open until 7:00 p.m. on September 28, and until approximately 4:00 p.m. on September 29. Any entries posted on October 1 or 2 that reflect a "1" year CAN and a 9/30/2001 date will be posted to the CAS in FY 2001. All others will not be posted into the CAS until the beginning of FY 2002. Transactions posted on Saturday will be entered into the CAS on Monday night and will be available for IC staff review in the NIH Data Warehouse on Tuesday.

Obligations cannot be posted to the CAS unless they reflect a valid Common Account Number (CAN) and Entity Identification Number (EIN). Please ensure all new CANs and EINs are submitted to the OFM Government Accounting Section as early as possible to avoid backlog and other problems on the last day of the fiscal year.

All ICs should use the ADB Fiscal Year CAN and Object Class function, whenever possible, for CAN changes. If you have any questions about this process, please contact Carlyn Lewis on 402-5817.

Any requests received by OFM to manually establish obligations (except for contracts, grants and Interagency Agreements), for fiscal year-end after COB September 21, should be included on the IC FY-end estimates and forwarded to Rick Rhoads, General Ledger, Building 31, Room B1B47. Any requests to manually establish obligations for a contract, grant or an Interagency Agreement should be forwarded to Government Accounting, Building 31, Room B1B05.

IC budget staff can track estimates via the NIH Data Warehouse system which can report items by batch number. OFM staff will provide budget office staff with the batch numbers used to record and reverse estimates for their ICs.

The FY 01 certifications (forms attached) must only provide a single dollar amount by major object class. Each certification must be supported by a list of the supporting transactions for use in tracking the individual transactions against funds availability and to use in netting these transactions for Budget Execution Reports.

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Budget office staff should review all charges such as local travel and training to identify items which represent obligations incurred but not recorded as of the 12th month closing. Any estimates required for Service and Supply Fund (SSF) charges must originate from the appropriate Central Service Budget Office and be coordinated through the Central Services Budget and Accounting Branch (CSBAB), OFM.

Budget Officers of ICs participating in the U.S. Bank Card program can enter FY 2001 estimates in the ADB no later than October 2. Those estimates will be automatically entered into the CAS. The ADB has been programmed to automatically drop unused charge card end of year estimates 12 months after the end of the fiscal year.

OFM staff will enter (obligation and accrual) estimates for personnel compensation and benefit costs by September 14 for the Commissioned Corps (estimate 30 days), and by September 18 for civilian employees (estimate 15days). Additionally, any mini payrolls we receive will be entered through October 2.

Please confirm that DES-posted obligations for your IC accurately cover estimates for all obligations incurred. If these amounts are not properly recorded as of the 12th month, include amounts in your estimates sufficient to cover applicable DES work orders.

This memo and other information on the FY 2001 closing will be available on the OFM website at <http://www4.od.nih.gov/ofm/>

Interagency/Intragency Agreements (IAGs)

Obligations:

The last date for providing remaining IAG agreements to Government Accounting, OFM (Building 31, Room B1B05) is Friday, September 14, 2001. This will ensure that all agreements are posted properly in the CAS as of the 12th month closing. Staff will reconcile with the IC's budget staff starting on September 19 through September 28. The contact person of your IC should call Steve Lalekos in Government Accounting (402-6191) to schedule a meeting during that time period, if necessary.

310 Transactions:

The final total FY 2001 budget authority (BA) for all Y3's should be submitted along with the list of Y3's that did not get into the system by September 28, 2001. OFM staff will enter the changes to the BA as appropriate.

Budget Execution (SF-133) and Other Reporting Changes

As mentioned in the discussion about FY-end estimates, each IC needs to provide OFM with a list of the supporting transactions for use in netting these transactions for Budget Execution (SF-133) reporting (see below).

Budget Execution and Department of the Treasury reporting requirements dictate that we report all prior year upward and downward adjustments to obligations as of the end of each year for which an account is required to be reported. The reporting requirements do not allow netting of upward and downward adjustments -- each must be reported separately. However, this year we again plan to net the FY-end estimates against the detail supporting transactions entered during the first two quarters of the new FY. Other upward and downward adjustments will not be netted, and will be reported.

Prior Year Funds Control

This leads to another concern -- that of prior year funds control. Prior year funds control often occurs after the fact -- after an obligation has been incurred. Clearly, that is too late! We find that obligations are being charged to a PY CAN in the ADB after a FY has closed. We also find that some contracts have been signed during a FY current at the time, but delivered to OFM for recording after the end of the FY from which funding was cited. A good example of the latter situation are GBLs that are issued during a given FY, but without having been coordinated with an IC's budget office or recorded in the CAS. These and other obligations appear to have been made without first ensuring that funding was available. Each IC is responsible for ensuring adequate funds control -- before the obligation is made. Again, too often OFM first learns of some obligations when an invoice is presented for payment. As stated above, all prior year fund transactions should be approved by the appropriate budget office staff, prior to releasing the transaction via a feeder system into the CAS or provided to OFM staff for obligation. The OFM staff will notify IC budget staff of any FY 2001 adjustments they need to make prior to releasing these transactions in the CAS.

**Liability to Pay Invoices
&
Potential Anti-deficiencies**

If documentation shows that an IC was legally obligated to fund a contract, whatever the form, OFM must record the obligation and pay properly presented invoices. Under certain circumstances this could cause an IC's appropriation to show a deficit.

As in the past, the IC will be responsible for deobligating previously obligated funds to fund the apparent over obligation(s) or initiate the anti-deficiency reporting process. The ICs are responsible for ensuring that CY and PY funding is available prior to obligating funds.

These transactions will also result in upward and downward adjustments.

The following calendar is included to assist in reviewing the proposed FY 2001 closing schedule.

September 2001							October 2001						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1		1	2	3	4	5	6
2	H	4	5	6	7	8	7	H	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			

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The abbreviated FY 01 closing schedule follows:

9/14, Friday	Enter (obligation and accrual) estimates for Commissioned Corps (30 days) personnel compensation and benefit costs. Remaining interagency/intra agency agreements due in Finance.
NLT 9/18, Tuesday	Enter (obligation and accrual) estimates for civilian (15 days) personnel compensation and benefits costs (PP 20 and ½ PP 21). Additionally OFM will post actual costs for pay period number 19.
NLT 9/20, Thursday	Office of Telecommunications Management, CIT, provides Budget Officers with updated FY2001 telecommunication estimates as of 9/30.
9/21, Friday	All FY 2001 documentation supporting obligations that require OFM input to the CAS must be received in the OFM by NLT COB Friday, 9/21.
9/22, Saturday	Last day of pay period 20.
9/26 or 9/27, Wednesday Or Thursday	Last day for new credit card purchases to post to CAS.
9/30, Sunday	Fiscal Year 2001 Ends.
10/2, Tuesday	Last day (of the “12th Month”) for FY 2001 transactions to be entered in the CAS via ADB and other feeder systems, and by IC and OFM personnel. The CAS will be blocked after this date except to record corrections and IC budget staff estimates. Produce 12th Month CAS reports. Last day for CAS to accept new grant awards.
10/3, Wednesday	CAS general ledger balances and supporting detail available for review by IC budget and other personnel. Begin process of preparing “as of September 30” obligation estimates.

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10/5, Friday	IC Budget Officers submit all FY 2001 estimates along with all appropriate corrections as listed above to the GL Branch, 31/B1B47. Supporting detail for estimates must be included. Last day to revise a grant award or change a CAN on a grant in the CAS.
10/8, Monday	Holiday
10/9-10, Tue-Wed	OFM posts estimates to CAS.
Night of 10/11, Thu	Produce "13th Month" CAS reports.
10/15, Monday	OFM begins to calculate and enter adjusting and closing entries. Run FY 2002 "Opening Balance" CAS reports. FY 2001 trial balances available.
10/22, Monday	Open CAS for FY 2002 transactions. Reverse IC Budget Officers' FY 2001 short-term estimates.
3/29/02, Friday	Reverse all remaining FY 2001 estimates.

If you have any questions, please contact Rick Rhoads on 496-3163 or John Slovikosky on 496-3368.

Richard A. Nelson

Attachments (2)

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Distribution:

IC Budget Officers
Grants Management Staff
Acquisition Management Staff
IC Administrative Officers
Sue Quantius, OB
OFM Staff
John Price, CIT
Jeff Schriver, CIT
Tony Sambataro, CIT
Sid Dalis, CIT
Kelly Proctor, CIT
Kathy Wimsatt, CIT
Bill Malczewski, CIT
Tim Twomey, OER
Emily Mitchell, OER

cc:

Tony Itteilag, OD
Ken Stith, OFM
Leamon Lee, Ph.D, OPM

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NIH/OD/OFM/Finance:RANelson:lh 08/16/1 496-3368
Official File located in NIH/OD/OFM/Finance, 31/B1B63
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**OFFICE OF FINANCIAL MANAGEMENT
OBLIGATION ESTIMATES
(TO BE REVERSED AT BEGINNING OF FY 2002)
AS OF SEPTEMBER 30, 2001**

ICD/APPN: _____

CAN (FY 00)	OBJECT CLASS	DESCRIPTION	AMOUNT	OFM USE ONLY
	11.11	PAYROLL-COMPENSATION		
	12.11	PAYROLL-BENEFITS		
	21.99	TRAVEL		
	22.41	TRANSPORTATION OF THINGS		
	23.3Z	RENT, COMMUNICATIONS AND UTILITIES		
	24.21	PRINTING		
	25.2Z	CONTRACTUAL SERVICES		
	25.2W	TRAINING		
	26.6Z	SUPPLIES AND MATERIALS		
	31.9Z	EQUIPMENT		
		OTHER		

I CERTIFY THAT THE ABOVE OBLIGATION AMOUNTS ARE CORRECT; ARE BASED ON TRANSACTIONS WHICH HAVE NOT BEEN ENTERED INTO THE NIH CAS AS OF THIS DATE; AND ARE NOT IN EXCESS OF AVAILABLE FY 2001 APPROPRIATIONS. ALL KNOWN TRANSACTIONS MEET THE CRITERIA OF 31 U.S.C. 1501 (A) (HAVE SUPPORTING DOCUMENTATION) AND SHOULD BE OBLIGATED.

DATE: _____

SIGNED: _____

TITLE: BUDGET OFFICER

FORM: OFM #2

**OFFICE OF FINANCIAL MANAGEMENT
OBLIGATION ESTIMATES
(TO REMAIN ON BOOKS UNTIL ACTUALS
ARE POSTED BY 3/31/2002)
AS OF SEPTEMBER 30, 2001**

ICD/APPN: _____

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DATE: _____

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