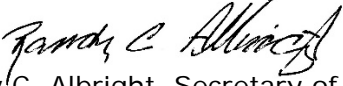


Administrative Circular

Commonwealth of Pennsylvania Governor's Office

18-06
Number

Subject: Closing Instruction No. 2, Fiscal Year 2017-18; Pre-closing at May 14, 2018	Date: May 3, 2018
By Direction of:  Randy C. Albright, Secretary of the Budget	Expiration Date: May 3, 2019
Contact Agency: Office of the Budget, Office of Comptroller Operations, Bureau of Accounting and Financial Management, Telephone 717.425.6740	

The pre-closing of accounting records for fiscal year 2017-18 will begin on May 14, 2018.

1. Applicability

The pre-closing process applies to:

- state appropriations (ledgers 1X) and executive authorizations (ledgers 2X),
- federal appropriations (ledgers 7X) and executive authorizations (ledgers 8X)

2. Procedures

- Agencies using SAP must record all valid commitments against 2017-18 accounts in accordance with [Management Directive 310.3, Encumbering and Lapsing of Appropriations](#).

Pending Lapses

- On May 14, 2018, the Governor's Budget Office (GBO) will post all available balances from prior year funds as a pending lapse, unless a waiver has been approved for a fund.
 - To liquidate, use SAP transaction code FMBB (Budgeting Workbench – Process: Transfer). Transfer budget type 5000 (pending lapse) to budget type 9000 (carryforward).

- Agency fiscal officers will project expenditures through June 30 for funds outlined in section 1 above. Fiscal officers will identify unneeded budget balances to add as a pending lapse.
 - To recategorize unneeded budget balances as a pending lapse, use SAP transaction code FMBB (Budgeting Workbench – Process Transfer). Transfer budget type 1000 (appropriated) to budget type 5000 (pending lapse).
- GBO will notify agency fiscal officers and Office of Comptroller Operations staff when pending lapse amounts have been posted.
- Please direct any issues regarding posting of pending lapse amounts to GBO.
- Final lapse amounts will be processed at the direction of GBO.

Fiscal Officer Monitoring and Alignment

- Conduct your reviews during the months of May and June. Do not wait until fiscal year-end.
- In SAP, compare all estimated federal and nonfederal transfers, as well as estimated augmentations, to actual transfers and augmentations received by each fund.
- Review budget types 2000 (estimated augmentations), 3000 (federal transfers), and 4000 (nonfederal transfers) to determine if outstanding amounts will be collected in fiscal year 2017-18.
- Process budget returns using SAP transaction code FMBB (Budgeting Workbench – Process: Return) for all estimated augmentations or transfers that will not occur in fiscal year 2017-18.
- If estimated augmentations or transfers are less than actual augmentations, determine if an additional budget request is needed.
- **All estimates and actuals must be equal prior to the close of the fiscal year**, unless the GBO has granted approval for actual revenues to exceed the estimate. This approval will only be based on the expectation that additional revenues will be transferred to the subsequent fiscal year.
- For federal appropriations (ledgers 7X and 8X), BAFM staff will balance prior year accounts in SAP, in consultation with the respective agency, prior to fiscal year-end.
- Be aware that any liquidation of commitments during June that results in unneeded funds will require a manually prepared pending lapse transfer.
 - Use SAP transaction code FMBB (Budgeting Workbench – Process: Transfer) to increase the pending lapse amount.
 - Pending lapses that exist at fiscal year-end will automatically lapse on June 30.

- Negative balances are not permitted at the SAP fund level for funds with active availability control. Insufficient available balances must be dealt with immediately through appropriate accounting or budgetary action.