



Administrative Circular

Commonwealth of Pennsylvania

Governor's Office

Administrative Circular 22-05 – Closing Instruction No. 2, Fiscal Year 2021-22; Pre-closing

Date: March 1, 2022

By Direction of: *Greg Thall*
Greg Thall, Secretary of the Budget

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The pre-closing of accounting records for fiscal year 2021-22 will be managed throughout May and June 2022.

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 2021-22 accounts in accordance with *Management Directive 310.03, Encumbering and Lapsing of Appropriations*.

Pending Lapses

- Throughout May and June, GBO will post all available balances from prior year funds as a pending lapse, unless a waiver has been granted for a fund. As necessary, GBO will coordinate this activity with the agencies.
 - 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 reclassify 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).
- 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

- Agency fiscal officers may utilize standard FM reports (e.g., Funds Management Balances) to monitor the status of balances and pending lapses.
- 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 2021-22.
- Process budget returns using SAP transaction code FMBB (Budgeting Workbench – Process: Return) for all estimated augmentations or transfers that will not occur for budget period 2021-22.
- If estimated augmentations or transfers are less than actuals, 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.