

**Date:** May 4, 2012

**To:** Agency Accounting Coordinators

**From:** Ron Mavetz, Agency Support Director  
Charlie Bieleck, Budget Operations Director

**Subject:** Annual Budget and Accounting Instructions: Establishing Fiscal Year 2013 Budgets,  
Closing Fiscal Year 2012

What a difference a year makes. Twelve month ago, not a single appropriation bill had been enacted for FY 2012-13. State agencies were planning for a potential state showdown – and actively preparing to implement a new accounting and procurement system. Today we have ten months of experience operating under SWIFT – and the 2012 legislative session is not likely to make significant changes to agencies’ authorized budgets. Things should be easier, but careful planning is still required.

This memo accompanies a new ***Annual Budget and Accounting Instructions Document for 2012***. The revised format combines what were previously issued in three separate documents into a single document in order to provide timelines and required steps in a more comprehensive and timely fashion. As in prior years, we have incorporated a checklist (Appendix A) to help agencies plan for both establishing FY 2013 budgets, as well as required activities for FY 2012 close. Also included is an annual calendar (Appendix B) which highlights normal key dates and activities though out the year.

This will be the first fiscal year close in SWIFT. Consequently agencies’ careful attention to both the time and schedule of required closing steps will be extremely important. Key activity and closing dates are highlighted below:

May 16, 2012	Deadline for requisitions over the purchasing agency’s authority processed through Materials Management Division (under \$50,000).
June 30, 2012	Deadline for entering purchase orders and/or increasing existing Purchase orders using BFY 2012 funds
June 29, 2012	All BFY 2013 budgets should be allotted in SWIFT prior to this date
July 2, 2012	Requisitions for BFY 2012 cancelled
July 19, 2012	PO certification reports mailed to agencies
August 10, 2012	Deadline for processing most BFY 2012 transactions
August 17, 2012	SWIFT hard close

Policies governing establishing FY 2013 spending plans remain essentially unchanged. Agencies currently have direct access in SWIFT to establish revenue budgets, expenses budgets and anticipated transfers required in an agency's budget plan. Agencies will not be able to make FY 2013 actual appropriation transfers, or payments, until July 1.

Most FY 2013 appropriations were established when the biennial budget was enacted last July. If necessary, agencies should use the Appropriation Entry form included in the instructions to establish any new appropriations – or to make any required adjustments that may have resulted from actions in the 2012 legislative session.

Where there are no major changes affecting FY 2013 budgets, there are several important factors to consider. New requirements for most agencies to separately budget information technology costs begin in FY 2013 – this must be addressed in agency planning and expense budget creation. And, in the absence of a new state labor contract, agencies will have to carefully consider amounts budgeted for compensations costs. SEMA4 salary projections provide the best starting point. Each agency should review their SEMA4 position funding records and enter updates where necessary. Also, executive branch agencies and constitutional offices will be affected by 2011 session provisions requiring that agency FY 2013 budgets be reduced by \$1.726 million related to the SEGIP Dependent Verification Audit. Specific agency amounts and instructions for implementing this reduction will be forwarded separately.

Finally, any FY 2012 payments made after June 30<sup>th</sup>, 2012 must be *only for goods ordered and services rendered by June 30<sup>th</sup>, 2012*. Generally these payments must reference a Purchase Order. Agencies are encouraged to cancel any unneeded purchase orders as soon as possible. Instructions and tools will be available to assist agencies in moving existing purchase orders to FY 2013 where necessary.

Your continued cooperation and planning is essential to a smooth transition to the new fiscal year. As always, if you have questions or require assistance, please call the MMB Agency Assistance Contact assigned to your agency. Questions may also be directed to your Executive Budget Officer (EBO) as appropriate.

ANNUAL BUDGET AND  
ACCOUNTING  
INSTRUCTIONS  
DOCUMENT

2012

**Annual New Year  
Set-up and Closing  
Instructions**

# Annual Budget and Accounting Instruction Document 2012

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## Overview

In previous years a series of three budget and accounting documents were issued to provide instruction on establishing the new year and closing the old year budgets in MAPS. The first two documents focused on new year set-up and the third document provided instructions to agencies on preparing for year-end close.

As this is the first year end close in the new financial system (SWIFT) we are combining the new year set-up and current year closing instruction into a single document. By doing so agencies should have more information and time to plan to address any changes that have occurred as a result of SWIFT and will be provided answers to questions in a more timely fashion. This document is divided into two sections: New Year Set-up and the Closing Fiscal Year 2012 Instructions. For ease of use, the document will lead with an important dates section that will include dates for both New Year set up as well as closing instructions.

The SWIFT hard close is scheduled for the weekend of **August 17<sup>th</sup>, 2012**. Agencies need to finish most BFY 2012 transaction processing by **Friday August 10<sup>th</sup>, 2012** to provide adequate time to ensure a successful close.

## Important Dates

Below are important closing requirements and deadlines which are discussed in the document.

### May 16, 2012

- Deadline for requisitions over the purchasing agency's authority processed through Materials Management Division (under \$50,000.)

### May 31, 2012

- The BFY 2012 certification report will be available to agencies to run independently as desired to begin the initial determination of certified/non-certified records.

### June 22, 2012

- MMB notifies agencies of all BFY 2012 requisitions that must be closed.

### June 30, 2012

- Deadline for processing BFY 2012 funded requisitions. Requisitions must be cancelled or have funding changed to BFY 2013.
- Events not awarded and that reference a BFY 2012 funded requisition must be cancelled and redone. The requisition must also be cancelled or the funding changed to BFY 2013.
- Deadline for entering purchase orders and/or increasing existing purchase orders using BFY 2012 funds. Exceptions are FPO orders for valid BFY 2012 obligations and changes to existing purchase orders for freight, misc. charges and/or price changes. Quantity increases must be done using BFY 2013 funds. Services must be paid for using funds in the same BFY the service was performed.

### July 2, 2012

- Close all BFY 2012 open requisitions

### July 19, 2012

- The BFY 2012 open purchase order certification report will be emailed to agencies July 19th for sign off.

### July 27, 2012

- Nonfederal appropriations granted authority to spend estimated receipts must realize actual receipts by this date.

### August 6, 2012

- Appropriations with authority to obligate estimated receipts must have sufficient actual receipts by August 6th or corrective action must be taken (e.g. cancel purchase orders or request exemption).



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### **August 10, 2012**

- Open purchase orders must be cancelled or certified to Minnesota Management & Budget (MMB) by August 10th. The certification report will be emailed to agencies the week of July 19th.
- All blanket purchase orders (BPM and APK using PLACEHOLDER vendor) must be canceled by August 10th.
- Deadline to return completed Purchase Orders Certification Report worksheets for certification and excel worksheets for "rollovers" to next BFY 2013. All remaining or non-certifiable purchase orders must be cancelled by agencies.
- Last day to process appropriation transfers against an anticipated transfer and/or reduce anticipated transfers to zero for fiscal year 2012.

### **August 15, 2012**

- Last day to adjust BFY 2012 expense budgets.

### **August 16, 2012**

- The last day to enter most types of transactions. Transactions that will be allowed after closing include payments against purchase orders, cancellation of purchase orders, appropriation cancellations, appropriation carry-forwards, and cash receipts for accounts granted an exemption. The date is earlier for some types of transactions, including payroll transactions.
- Accounts granted authority to spend estimated receipts must realize actual receipts by this date. (see date above)
- MMB automatically reduces expense budgets to amount spent and/or encumbered on August 17th.

### **August 17-19, 2012**

- Annual closing programs will run over the weekend of August 17th, 2012.

This document contains appendices to assist agencies in their closing activities:

- Appendix A – Agency Fiscal Year Closing Checklist
- Appendix B – Calendar of Closing Activities
- Appendix C – Instructions for various actions required of agencies
- Appendix D – Directions for Certifying Prior Year Purchase orders
- Appendix E – Encumbrance Certification Report
- Appendix F – Request for Exemption & Certifying Purchase orders Form
- Appendix G – Object Code Groups/Accounting Code Crosswalk

If you have any questions, please contact the MMB Agency Assistance Contact assigned to your agency. Questions may also be directed to your Executive Budget Officer (EBO).

## Section I – New Year Set-Up

### Part I. Establishing Budgets for BFY 2013

#### A. Setting Up New Appropriations

Most BFY 2013 appropriations were established when the biennial budget was enacted last July. If an agency still needs to set-up a BFY 2013 appropriation, they should complete the [Appropriation Entry form](#) at:

(<http://www.mmb.state.mn.us/swift-forms/1373-swift-forms/53961-swift-app>)

Additional instructions will be provided to agencies for any new appropriations, or appropriation changes that may be made in the 2012 legislative session.

#### B. Appropriation Transfers and Balance Forwards

##### 1. *Anticipated and actual appropriation transfers*

An anticipated transfer (XAT) must be entered in SWIFT to reflect an amount expected to be transferred from one appropriation to one or more appropriations. An anticipated transfer permits an agency to encumber funds in the receiving appropriation before the actual transfer is made. Agencies do not have the authority to process actual transfers (XTA, XTN) prior to the beginning of a fiscal year. Therefore BFY 2013, XTAs and XTNs must not be processed until **July 1<sup>st</sup>, 2012**. This includes appropriation transfers between funds (inter-fund) and within the same fund (intra-fund).

##### 2. *Transfers between programs*

M.S. 16A.285 provides general authority that “An agency in the executive, legislative, or judicial branch may transfer state agency operational money between programs within the same fund if: (1) the agency first notifies the commissioner of MMB as to the type and intent of the transfer; and (2) the transfer is consistent with legislative intent. If an amount is specified for an item within an activity, that amount must not be transferred or used for any other purpose.”

If appropriated money is transferred between programs or activities within an agency, as permitted by M.S.16A.285, the agency must prepare a memo from the agency head to the chairs of the Senate Finance and House Ways and Means committees. The memo must accompany the anticipated transfer document(s). All information must be sent to the agency's EBO.

##### 3. *Transfers between agencies*

Transfers between agencies must have specific authority in statute or session law.

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### **4. *Balance forward prior to close***

#### Estimated Balance Forward

Where authorized and necessary, an agency with appropriation accounts having a Budget Authority code of G (Greater of actual or estimated receipts), or E (Encumber Est/Spend Actual) may estimate a balance forward amount by establishing revenue budgets and using the account number 514223 (Estimated Balance Forward In). This amount becomes available for allotment and encumbrance; however, an agency can only obligate this money, but not spend it, until the actual balance is carried forward into the new fiscal year. This will allow an agency to establish purchase orders for BFY 2013 prior to July 1st.

After an actual balance forward has been manually processed or the fiscal year amount is brought forward automatically at close, agencies must decrease their BFY 2013 revenue budgets with account number 514223 to zero to avoid overstating the amount available for allotment and encumbrances.

Where authorized and necessary, agencies may roll forward actual available balances after the beginning of the new fiscal year (**July 1<sup>st</sup>**) and prior to fiscal year close (**August 17<sup>th</sup>**). For example, if at **July 1<sup>st</sup>** an agency has an immediate need to obligate in BFY 2013 and there is sufficient BFY 2012 available balance that will automatically roll forward at close that available balance can be moved into BFY 2013 at a date earlier than close. Only allotment free cash balances can be rolled forward.

### **5. *Balance forward considerations when changing chart of accounts***

In order to balance forward funds from BFY 2012 to BFY 2013 a BFY 2013 appropriation must have the exact coding as the BFY 2012 appropriation (same Budget Period-Fund-FinDeptID-AppropID).

## **C. Revenue Budgets**

Revenue budgets are a forecast of expected receipts for the fiscal year. They are critical to budget management, as they define spending constraints. Therefore, it is important that agencies review prior fiscal year's actual revenues and BFY 2013 forecast assumptions to ensure that revenue budgets for both dedicated and non-dedicated receipts are complete and represent an agency's best estimate of revenues expected for BFY 2013. On a statewide basis, individual agency revenue budget estimates are aggregated to prepare the official state forecasts of all tax and non-tax revenues for the general fund and other operating funds.

Agencies must establish revenue budgets using the correct appropriation id and revenue account so that all revenues are accurately recorded and reported throughout the fiscal year. Appropriations receiving non-dedicated receipts must be coded with an

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appropriation ID that has an appropriation type of 99. Revenue budget reporting is available in SWIFT, which compares year-to-date actual receipts to budgeted amounts for the BFY. (See PS query M\_KK\_GBL\_REV\_ALL).

For tax receipts and other major revenues, the amounts entered for BFY 2013 should be based on the February 2012 forecast and any updates due to legislative action.

To monitor budgets during the year, your EBO may require monthly estimates for revenue for individual appropriations or revenue accounts. Your agency must be prepared to supply this information. Agencies should generally prepare monthly revenue budget estimates for internal monitoring and be prepared to provide monthly estimates if requested.

If the intention is to make a correction to the original revenue budget, ensure that in the budget journal header the defaulted "Original" budget entry type is used. Ensure that the budget journal header budget entry type is changed from "Original" to "Adjustment" when making adjustments to the budget throughout the year that are not adjustments to the original budget.

### **1. *Establishing, modifying, or deactivating revenue budgets***

Revenue budgets can be entered on-line or imported using the template located at <http://www.swift.state.mn.us/financials-templates>.

Agencies are able to close a revenue budget at any time to prevent further recognition or deposit of receipts. A revenue budget may need to be closed if an incorrect revenue account was used or set-up of an appropriation id account type id was incorrectly coded. SWIFT will then reject all subsequent revenue accounting documents relating to that deactivated revenue budget. When closing a revenue budget that was created in error, agencies must move all recognized revenues to the correct active revenue budget and reduce the revenue budget to zero. Requests to close revenue budgets should be submitted via e-mail to [AgencyAssistance.MMB@state.mn.us](mailto:AgencyAssistance.MMB@state.mn.us).

### **2. *Cash flow assistance***

For nonfederal dedicated receipt accounts, when the timing of estimated receipts does not provide for sufficient cash to pay for start-up or ordinary and necessary expenses, the commissioner of MMB may authorize payments to be made before receipts are received. Agencies request this authorization by completing a Request for Cash Flow Assistance (FI-00398) form and a Cash Flow Analysis (FI-00523) form. These forms must be submitted to the agency EBO.

Cash flow assistance may be necessary when an agency will incur costs prior to receipt of funds. In some cases, it may involve a federal agency as payer, or

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estimated dedicated receipts from other sources. Cash flow assistance is available to alleviate this problem. If a cash flow request is approved, MMB will change the budget authority code on the appropriation account to allow within an appropriation, payments against the greater of estimated or actual dedicated receipts and/or the greater of anticipated or actual transfers.

Cash Flow Requests are no longer required for Federal fund appropriations. All Federal fund appropriation budget authority type will be set to G = Greater of Budgeted or Collected Revenue.

**IMPORTANT NOTE:** MMB policies require that agencies drawdown or claim for reimbursement Federal grant monies as often as possible to mitigate negative balances created by spending estimated revenues.

Key points to keep in mind when requesting cash flow assistance:

- Total program receipts and/or expenditures in SWIFT should generally match the amount on the Cash Flow Analysis form. If an agency's original amounts change materially, amounts established in SWIFT for the revenue or expense budget must be modified and a revised cash flow analysis submitted. Cash flow analysis should be an estimate of expenditures and revenues for one State fiscal year. Simply dividing the annual estimate by 12 months (or however many months the funds are available) is not a comprehensive analysis.
- Agencies must process reimbursement requests as often as economically feasible to maximize cash balances and interest earnings for the State.
- Agencies should use periodic progress payments (monthly/quarterly) to request reimbursement where legally permissible and not wait until the completion of the project.
- Any negative amounts in an appropriation account must be eliminated prior to fiscal year close, unless there is an exemption requested to process receipts after fiscal close. Without an exemption, MMB will change the budget authority back to its original code before fiscal year closing so that additional expenditures do not post to the account.
- Agencies with interest-earning appropriation accounts are required to pay interest for periods where the account has a negative balance.

### **D. Expense Budgets**

#### **1. General Requirements**

All Budget Fiscal Year 2013 anticipated spending accounts should be fully allotted by **June 30<sup>th</sup>, 2012**. To accomplish this, agencies should establish expense budgets equal to the spending authority amount for each appropriation. Ensure that the budget journal header budget entry type is changed from "Original" to "Adjustment" when

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making adjustments to the budget throughout the year that are not adjustments to the original budget.

There are situations where money cannot be allotted prior to **June 30<sup>th</sup>** because specific approval or other action must occur prior to allotting the funds. Examples of these include approvals from the LAC or review by the Legislative Commission on Fiscal Policy and Planning.

Agencies can enter expense budget journals on-line or import them using the template located at <http://www.swift.state.mn.us/financials-templates>. Generally, agencies should use the amounts contained in their biennial budget document including new or amended appropriated amounts.

### **2. Budgeting for Information Technology Expenditures**

Agencies must establish individual, unique expense budgets in SWIFT that will separately budget and account for IT spending beginning in BFY 2013. This will require that agencies separate IT budgets from non-IT budgets at the expense budget level in SWIFT. Detailed instructions were provided in the Annual Budget and Accounting Instructions – Budgeting for Information Technology Expenditures document located at <http://www.mmb.state.mn.us/doc/maps/acct/fy13-instructions.pdf>. It is important to recognize that IT position funding will need to be re-pointed to new compensation budget accounts as a result of this process.

### **3. Payroll Expense Budgets**

Expense budgets must be established in order to post payroll expenditures in SWIFT. In order to minimize the risk of position funding or labor distribution validation errors, agencies must have at least one expense budget established using an expense account included in the PAYROLL account group (accounts beginning with 410) for each expense budget level FinDeptID within an appropriation. In addition, if travel or any business expense re-imburement is anticipated, there will need to be at least one expense budget established using an expense account in the NONPAY account group.

Each agency must have an agency payroll clearing appropriation which is used to post SEMA4 transactions that are rejected in SWIFT during the posting process. MMB agency Assistance has established a payroll clearing (default) appropriation and necessary expense budgets for each agency.

## **E. Workforce and Compensation Planning**

Managing staffing levels and managing payroll obligations are a key agency responsibility. Accurate position funding records and salary estimates are essential to accurate compensation budget management.

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## **1. *BFY 2013 review of SWIFT coding for SEMA4 position funding records***

As part of establishing BFY 2013 budgets, each agency must review their SEMA4 position funding records and enter updates where necessary. This review is especially important if your agency is changing the organization structure or other chart-of-accounts codes.

To update position-funding records, enter changes by creating new effective-dated records in SEMA4. Note: Unless an appropriation is funded as a continuing appropriation, the fiscal year field must be left blank.

Failure to update position funding records may cause:

- SWIFT payroll documents to reject in SWIFT, which will delay posting payroll to the appropriate accounts;
- Cost projections to be incorrect; and
- Payroll labor distribution to be in error and require accounting assistance.

Positions with funding errors appear on the “Positions with Invalid Chart Strings” report (HP6670). Agencies must correct the positions with invalid chart strings by July 6 to avoid SEMA4 labor distribution errors.

Additional information regarding position funding can be found in SEMA4 Help. If you have questions regarding labor distribution or position funding, please contact Erin Gregory at (651)201-8077 or [erin.gregory@state.mn.us](mailto:erin.gregory@state.mn.us).

## **4. *Salary estimates***

Agencies should consider the following when they prepare their salary allotments for FY 2013:

- Agencies should budget total compensation costs provided by the collective bargaining agreements and compensation plans in their annual spending plan.
- Agencies should budget for anticipated retirements or severance which may include:
  - 100 percent of accrued annual leave (vacation, floating holiday, compensatory time) limited to the contract maximum at the rate of pay at the time of separation, plus FICA/Medicare employer costs calculated at 7.65 percent;
  - 40 percent of the first nine hundred (900) hours accumulated for unused sick leave and 12.5 percent of the unused sick leave in excess of nine hundred (900) hours times the rate of pay at the time of separation. (Some contracts/plans may negotiate different calculations; therefore, refer to the bargaining agreements and compensation plans.)

## **F. Establishing Travel Advances in BFY 2013 prior to July 1st**

Travel advances for BFY 2013 travel expenses entered in SEMA4 prior to **July 1<sup>st</sup>** must be paid from a valid BFY 2012 code block and then transferred or settled before BFY 2012

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close. A validation error will occur if the user attempts to save and post with a BFY 2013 code block prior to July 1. The outstanding advance must be settled out of BFY 2012 funds (where it was issued) and the expenses paid from BFY 2013 (where they were incurred).

Additional information regarding travel advances can be found in SEMA4 Help or if you have questions, please contact Erin Gregory at (651)201-8077 or [erin.gregory@state.mn.us](mailto:erin.gregory@state.mn.us).

### **G. Spending Plan Certification**

Each fiscal year agencies prepare an Annual Spending Plan including a certification and supporting reports as required by M.S. 16A.14 Subd.3. Detailed instructions will be provided at a later date.



### **Part II. Processing New Year Transactions Before July 1<sup>st</sup>**

Most SWIFT budgetary transactions, including requisitions, solicitations, purchase orders, and other non-cash related transactions, may be processed against BFY 2013 funds at any time after budgetary amounts are established, unless otherwise noted. Other transactions, such as payments, cash receipts, accounts receivables, balance forward and actual appropriation transfers between funds, cannot be processed until **July 1<sup>st</sup>, 2012**. The following information applies to certain types of BFY 2013 transactions processed before **July 1<sup>st</sup>, 2012**.

#### **A. Appropriation Transfers and Balance Forwards**

Agencies should not enter appropriation transfers or balance forward transaction in SWIFT prior to **July 1<sup>st</sup>**. Agencies should enter anticipated transfers (XAT) if they need to encumber funds prior to July 1<sup>st</sup>.

#### **B. Requisitions, solicitations and purchase orders**

You may copy older orders and requisitions, as well as set up new orders and requisitions using BFY 2013 budgets provided that the goods or services are to be delivered or provided on or after **July 1<sup>st</sup>, 2012**.

#### **C. Payments**

Payments cannot be made against BFY 2013 budgets until **July 1<sup>st</sup>, 2012**.

#### **D. Accounts Receivable**

New receivables for BFY 2013 should not be entered into SWIFT's until **July 1<sup>st</sup>** to ensure the transactions are recorded in the proper accounting date / period. A BFY 2013 receivable created prior to **July 1<sup>st</sup>** will be recorded against the Accounting Fiscal Year 2012 accounting date / period and will require adjustments to the State's Comprehensive Annual Financial Report (CAFR).

Agencies must ensure that their accounts receivables are accurately recorded in SWIFT in accordance with Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB) at end of the fiscal year. The revenue must be recognized, measurable, and available / collectible to finance the expenditures for the current period (generally within 60 days after year-end).

For example, an agency may create an invoice to a customer for services that will be provided in the upcoming month. The receivable would be entered against BFY 2013, but would be recorded against Accounting Fiscal Year 2012 overstating revenue for Accounting Fiscal Year 2012. These transactions would need to be adjusted to properly record this activity in the CAFR.

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If you have accounts receivable questions, please contact your agency [SWIFT Accounts Receivable Contact](#).

### **E. Miscellaneous Cash Receipt**

Miscellaneous cash receipts for BFY 2013 should not be deposited prior to **July 1<sup>st</sup>**. SWIFT allows BFY 2013 receipts to be processed prior to **July 1<sup>st</sup>** but agencies should only enter these transactions on an exception basis.

## Section II Closing Fiscal Year 2012

### Part I. Annual Closing Process Summary

The State of Minnesota will close Accounting Fiscal Year and BFY 2012 during the weekend of **August 17-19, 2012**, beginning the evening of **August 17<sup>th</sup>**. The process is coordinated by MMB but requires action by Accounting Managers and Purchasing Staff at each state agency prior to closing. This document provides instruction on closing non-continuing appropriations and continuing appropriations with the end date of **June 30<sup>th</sup>, 2012**.

Agency staff must complete various tasks before the closing weekend. During this time, MMB and state agencies work together to ensure that year-end activity is recorded properly in the State's accounting and procurement system. MMB will email certification and problem reports to each agency's contact beginning in July. It is critical that each agency resolve all problems immediately.

The last day for agencies to process budget transactions is **August 10<sup>th</sup>**. After this date, only limited transactions can be processed in SWIFT against BFY 2012. Transactions that will be allowed after closing include payments against purchase orders, cancellation of purchase orders, and cash receipts to authorized accounts, appropriation cancellations, and appropriation carry-forwards.

Each year, the State prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The annual closing is a critical part of preparing the State's financial statements. The annual financial statements report all of the financial activity that occurred during the fiscal year and report all of the State's assets and liabilities. The financial statements are used by companies that issue credit ratings on State bonds, by public interest groups and by other governments. The statements allow interested parties to accurately compare Minnesota's finances to those of other States and governments.

The annual closing process requires that state agencies complete all activities for BFY 2012 by fiscal close so that financial statements can be complete and accurate. These activities include various responsibilities for requisitions, solicitations and purchase orders. Further information is included in the appendices for these responsibilities.

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## Part II. Procurement

Minnesota Statute 16A.28 defines the period of time an appropriation is available for spending. More specifically, it requires that goods must be ordered or services rendered by **June 30<sup>th</sup>** of the year the money was appropriated.

The sections below provide highlights on year-end requisition, solicitation and purchase order requirements.

### A. Requisitions

Requisitions not pre-encumbered or fully awarded to a purchase order, budget checked and dispatched by **June 30<sup>th</sup>** must use BFY 2013 budgets or be cancelled as required by Minnesota Statute 16A.28.

Agencies may run the **Encumbrance Certification Report** for a listing of open requisitions that may need action. To run the report please navigate in SWIFT to *Purchasing > Reports > Encumbrance Certification Rpt.*

For detailed instructions please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>.

### B. Solicitation Events

#### 1. *Purchases for Services*

Events tied to a BFY 2012 funded requisition for any type of service must be in an awarded status and resulting purchase orders must be budget checked, dispatched and the service(s) performed on or before **June 30<sup>th</sup>, 2012**. If the service(s) are not performed by this time, any outstanding purchase orders and accompanying event(s) will need to be cancelled.

Requisitions tied to the event / purchase order will need to be edited to update the chartfields to have the correct BFY 2013. The requisitions can then be sourced to a new event and new purchase orders awarded.

Events not tied to a requisition when awarded must use current BFY funding on the resulting purchase order award.

#### 2. *Purchases for Commodities*

Events tied to a BFY 2012 funded requisition that are to be awarded to a purchase order for commodities will need to have the purchase orders budget checked and dispatched no later than **June 30<sup>th</sup>, 2012**.

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Any event that is not at an awarded status after **June 30<sup>th</sup>**, will need to be cancelled. Any requisitions tied to the event will need to be edited to update the chartfields to have the correct BFY 2013. The requisitions can then be sourced to a new event and new purchase orders awarded.

### C. Purchase Orders

Minnesota Statute 16A.28 requires purchase orders be closed unless agency heads certify to the Commissioner of MMB that goods were ordered or services rendered by **June 30<sup>th</sup>**. The deadline for certifying valid purchase orders, canceling/closing unneeded or non-certifiable orders, and returning worksheets to MMB is **August 10<sup>th</sup>**.

A spreadsheet tool (component interface) is available to assist agencies in moving existing purchase orders to BFY 2013. See Appendix C for detailed instructions.

Agencies are encouraged to cancel any unneeded purchase orders as soon as possible. MMB will immediately follow up on all late submissions and open purchase orders that are not certified will be closed.

Agencies may apply for an exemption from the requirement that purchase orders with Federal accounts and against estimated receipts must be closed before the **August 17<sup>th</sup>** close. However, agencies must certify valid purchase orders and cancel non-certifiable purchase orders.

Agencies may run the **Encumbrance Certification Report** for a listing of open purchase orders that may need action. To run the report please navigate in SWIFT to *Purchasing > Reports > Encumbrance Certification Rpt.*

### D. Grant Purchase Order

[Minnesota Statute 16A.28](#), Subd. 6, permits purchase orders for grants issued by **June 30<sup>th</sup>** to be certified for a period of one year beyond the year in which the funds were originally appropriated. Services rendered under grant contracts may occur during the certification period. Final payments can be processed after this one year period, but agencies are expected to work closely with grantees after final grant related services are completed to ensure that final payment is processed as soon as possible.

### E. Purchase Order Changes After Close

After close, only certain purchase orders can only be changed. This includes changes to vendors or accounts and purchase orders closed in error. Purchase orders for greater than or equal to \$2,500 must be recreated by the agency in collaboration with MMB using the same funding that was closed in error.

**F. Purchasing Receipt Dates on SWIFT Transactions Between July 1<sup>st</sup> and August 17<sup>th</sup> (Accounting Fiscal Year and BFY Close)**

To ensure accurate financial reporting, agencies must accurately record the date they received goods or services in SWIFT, rather than allowing the date to default to the current date.

For detailed instructions please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>.

## Part III. Payments

### A. Accounts Payable

BFY 2012 payments made after **June 30<sup>th</sup>, 2012** must be for goods ordered and services rendered by **June 30<sup>th</sup>, 2012**. Generally these payments must reference a Purchase Order. Invoices for services that cross fiscal year end must be split between fiscal years. Agencies need to request this breakout from the vendor if it is not provided.

While it is important for agencies to accurately code the date of receipt field throughout the fiscal year, it becomes critical at year end. The date of goods / services received field is used to determine liabilities for the State's comprehensive annual financial report (CAFR). To ensure this information is accurate agencies must:

- Ensure that all goods and/or services received on or before **June 30<sup>th</sup>** are recorded as liabilities of the State by entering the correct date on the PO receipt. If the service dates on an invoice cross fiscal years, multiple PO receipts are required.
- Complete MMB CAFR confirmation requests timely to identify any goods and/or services received by **June 30<sup>th</sup>**. Based on materiality thresholds, MMB will send agencies transactions with Purchase Order amounts at **June 30<sup>th</sup>** and ask them to identify what portion, if any, is for goods and/or services received by **June 30<sup>th</sup>**.
- Expenditure Corrections and expenditure refunds must be entered by **August 17<sup>th</sup>, 2012**. This includes any corrections between fiscal years, which require an AP Journal Voucher.

### **Part IV. SEMA4**

#### **A. Payroll Allotments**

In SWIFT, payroll obligations are no longer encumbered but are reserved with an allotment. Agencies should take steps to ensure negative allotment balances are resolved prior to **August 10<sup>th</sup>, 2012**.

#### **B. Processing BFY 2012 SEMA4 business and relocation expenses**

Business expenses and business expense corrections that are being charged to BFY 2012 accounts must be completed and entered into SEMA4 by the end of the day **on July 19<sup>th</sup>**. Relocation expense reports with BFY 2012 expenses must be received in Statewide Payroll Services by noon on **July 16<sup>th</sup>** to be paid from BFY 2012 funds. Agencies should notify all employees of their agency specific internal requirements needed to meet that deadline. For additional information, refer to the Employee Expense Report Policy section of SEMA4 Policy and Procedure PAY0021.

#### **C. Agency payroll clearing accounts**

Document Direct / InfoPac report ID HP2190, Expense Transfer Reconciliation report, is available to identify all transactions that are currently accounted for in the agency payroll clearing (default) accounts. All items that appear on the report with a fiscal year equal to or prior to BFY 2012 must be transferred to a valid account within your agency by entering a mass expense transfer in SEMA4. These mass expense transfers must be completed by noon on **July 27<sup>th</sup>**. If you have questions, please contact Erin Gregory at (651) 201-8077 or [erin.gregory@state.mn.us](mailto:erin.gregory@state.mn.us).

#### **D. Payroll mass expense transfers**

Other SEMA4 mass expense transfers for BFY 2012 accounts must also be completed by noon on **July 27<sup>th</sup>, 2012**. If you have questions, please contact Erin Gregory at (651) 201-8077 or [erin.gregory@state.mn.us](mailto:erin.gregory@state.mn.us).

#### **E. Payroll prior period adjustments**

Prior period adjustments that affect BFY 2012 SWIFT accounts must be entered by noon on **July 20<sup>th</sup>, 2012**. After July 20<sup>th</sup>, adjustments entered for pay periods prior to July 1<sup>st</sup>, can only post to BFY 2013 SWIFT accounts. Labor distribution for these prior period adjustments will default the funding to the chart string to which the payment originally posted. Users will have to change the funding to valid BFY 2013 accounts. If you have questions, please contact Erin Gregory at (651) 201-8077 or [erin.gregory@state.mn.us](mailto:erin.gregory@state.mn.us).



**F. Cash Receipt Transactions Generated By Payroll**

Agencies will need to verify the cash receipt transactions for the pay period ending **July 3<sup>rd</sup>**. If adjustments are necessary between fiscal years or you have questions, please contact Sara Becker at (651) 201-8153 or Erin Gregory at (651) 201-8077.

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## Part V. Revenue

### A. Miscellaneous Cash Receipts

All miscellaneous cash receipt transactions for BFY 2012 must be processed by **August 10<sup>th</sup>, 2012**. This includes any deposits that are regular and correcting direct journals. This requirement applies to all funds and accounts except Federal receipts. See Exemption for Federal accounts below.

### B. Exemption for Federal Accounts

MMB will permit limited exemptions for accounts from the general closing. Exemptions are normally limited to accounts that receive Federal receipts. Such exemptions are necessary because some programs involve Federal reimbursement of expenses where reimbursement cannot be obtained from the Federal government before the State's annual close.

Accounts receiving exemptions must resolve any over-obligated or over-expended conditions before **February 25<sup>th</sup>, 2013** and cancel any BFY 2012 unliquidated encumbrances by **November 21<sup>th</sup>, 2012**. Any valid unliquidated encumbrances that are canceled at this time may be established in BFY 2013.

### C. Receivables

BFY 2012 receivables for goods or services provided by **June 30<sup>th</sup>**, and all modifications to existing BFY 2012 receivables for adjustments or additional services provided by **June 30<sup>th</sup>**, must be established in SWIFT by **August 10<sup>th</sup>**. If you have questions regarding receivables, please contact Kris Meyers at 651-201-8155.

### D. Receiving/Paying Bi-lateral Netting (Inter-Agency Payments) After Close

Agencies that collect or pay revenue to other agencies must follow special procedures after fiscal closing since, in most accounts, receipts can no longer be deposited in BFY 2012. If clarification is needed when making a payment to another agency, please call the agency contact listed on the [Interagency Payments and Receipts Contact List](#) which is available on the MMB web site.

Paying agencies must properly code their payment transactions. Typically after close, a paying agency pays from a purchase order coded to a BFY 2013 account, but the receiving agency wants the funds deposited to a BFY 2012 account. To ensure that this happens, the paying agency must encumber the funds prior to **June 30<sup>th</sup>, 2012** in order to charge the expenses to BFY 2013 and the receipts to BFY 2012.

### **E. Processing Interagency Payments from Prior Year Purchase Orders**

After **June 30<sup>th</sup>**, an agency processing a payment to another state agency and referencing a purchase order may need to modify the information on the payment record, according to the receipting agency's account structure. For those agencies that have a revolving account into which they receive payment, such as the Department of Administration or MinnCor, users will need to direct their payments to the current year.

### Part VI. Assets

#### A. Fiscal Year-to-Date Equipment Certification

Fiscal Year-to-Date Asset Certification will be sent to agencies in May 2012 and must be reviewed, reconciled and returned with the signed certification form no later than **June 15<sup>th</sup>, 2012**. **The purpose of this certification is to have agencies identify assets sent to SWIFT Asset Management module that are not valid in order to clean up capital assets prior to running the June 30, 2012 depreciation.**

Please return forms [Mary.Borresen@state.mn.us](mailto:Mary.Borresen@state.mn.us).

#### B. Year-end Asset Certifications

MMB will be using SWIFT's Asset Management module to record the state's capital assets in the state's Comprehensive Annual Financial Report (CAFR). Thus, it is critical that agencies ensure the accuracy of their capital assets recorded in SWIFT.

Year-end Asset Certifications, all types, will be sent to the agencies on **July 6<sup>th</sup>, 2012**. This includes equipment, buildings, land, CIP, intangibles (easements and internally generated computer software) and infrastructure. Agencies must verify the accuracy and completeness of the capital assets for all categories including beginning balance, additions, disposals, transfers, ending balance, profile, date in service and useful life. The date of service and useful life will be used to calculate depreciation in SWIFT. All changes must be entered into SWIFT Asset Management module and posted correctly. Agencies have until **August 4<sup>th</sup>, 2012** to enter corrections into SWIFT and return all Year-end Asset Certifications.

The depreciation / close process for assets will be run in SWIFT on **June 30<sup>th</sup>, 2012**.

## Part VII. Projects

### A. Changes in Governmental Fund Type Definitions

GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions pronouncement provides new fund balance classifications and clarifies existing governmental fund type definitions. It clarifies the definition of special revenue and capital project funds and may result in activities no longer able to be reported in these funds. This pronouncement was implemented for the State's 2010 Comprehensive Annual Financial Report (CAFR) to comply with Generally Accepted Accounting Principles (GAAP). A memo that provided guidance on the special revenue funds was sent to Accounting Coordinators on **May 27<sup>th</sup>, 2010** and is located here <http://www.mmb.state.mn.us/doc/SWIFT/acct/gasb54.pdf>. All activity previously reported in MAPS 200 (SWIFT 2000) fund not meeting the definition of a special revenue fund under GASB 54 must be set up in SWIFT fund 2001 for FY2012. If you have any questions or concerns, please contact [Susan.Rumpca@state.mn.us](mailto:Susan.Rumpca@state.mn.us) or [Barb.Ruckheim@state.mn.us](mailto:Barb.Ruckheim@state.mn.us).

For capital projects funds, a memo will be sent out in **June** instructing agencies to change the fund from 500 to 506 on outstanding purchase orders for grants to local governments.

### B. Grant Closure

Agencies with incoming grants that come to a close at the end of the State fiscal year will need to take the appropriate steps to close out the grant projects. Some of the high level steps include:

- 1) Identifying those grant related projects that need to be closed.
- 2) Making any necessary expenditure corrections or finalizing any open expenditures before budgets are closed
- 3) Setting the project status appropriately to ensure no additional expenditures are charged to that grant project
- 4) Ensuring all reimbursable transactions have been billed
- 5) Setting the project status to closed.

## Part VIII. Budgeting

### A. Treatment of Appropriation Balances During Annual Close

Correct appropriation type codes are very important because they determine how unencumbered balances will be processed at closing.

Since continuing appropriations will not be affected by the closing process, agencies must monitor continuing appropriations for negative balances and cancel remaining balances when appropriate.

The chart below shows SWIFT appropriation type codes and how they are processed at closing.

Type Code	Description	Balance Processing
01	Regular	Cancel
02	Continuing	No Action
03	Special Direct	Rolls Forward
04	Special Dedicated	Rolls Forward
05	Biennial	Rolls Forward Even Years, Cancels Odd Years
06	Open	Adjust to \$0 Balance
07	MNSCU Alternate Budget Close	Rolls Forward at alternate date to accommodate "work 9, pay 12" payroll
08	Education Aids Alternate Budget Close	Cancels at alternate date

### B. Appropriations with Mixed Authority to Balance Forward

Some appropriations have legal authority that allows some, but not all, of the funds in an appropriation to carry forward. In these cases, part of the SWIFT closing entry must be manually processed before the automated closing on the weekend of **August 17<sup>th</sup>, 2012**. Agencies should prepare an [Appropriation Entry \(FI-00519\)](#) form to either manually cancel a balance or have the appropriation type temporarily changed so that a manual balance forward can be processed.

### C. Cancelling unexpended State seminar fees

M.S. 16A.721 requires that unobligated balances of state seminar fee appropriations carried forward must be expended in the following year. If the expenditure in the following fiscal year is not equal to or greater than the carry forward amount, that balance must be transferred to the general fund appropriation – Fund 1000, DeptID G9R13036, AppropID G9R0017. If your agency has an appropriation which meets these criteria, you will receive a report from the Budget Operations division which will indicate the amount to be transferred. If you have state seminar fee account questions, please contact your EBO or Chris Johnson at (651) 201-8176.

### D. Allotment Amounts Reduced

MMB will run a process the evening of close (**August 17<sup>th</sup>, 2012**) based on data from **August 16<sup>th</sup>** that will create a negative expense budget under the expense account class “410CLS” for all unencumbered funds within each PAYRLL allotment and “499CLS” for all unexpended/unencumbered funds within each NONPAY allotment. These transactions will reduce the allotment encumbrance authority to “0” while preserving the original expense budget amounts established by the agencies. This process will be run for all appropriation types in all funds with the exception of continuing appropriations (type code 02).

### E. Coding Budget BFY on SWIFT Transactions Between July 1st and August 17<sup>th</sup> (Accounting Fiscal Year and BFY Close)

For most transactions in SWIFT, the Budget Period is determined by the budget date entered on the transaction. If the date is left blank, the system will default the current date. Agencies should pay particular attention to this date between **July 1<sup>st</sup>** and fiscal close (**August 17<sup>th</sup>, 2012**).

### F. Resolving Budgets Over-obligated, Over-expended, or with Negative Receipts or Negative Expenses

The information in this section applies to a limited number of appropriations, but resolving the conditions in these budgets is very important so SWIFT can close properly.

If your agency has any of the following conditions, agency Assistance will include the errors on the Problems reports, which are sent out periodically starting in July.

#### 1. *Over-obligated appropriations*

Appropriations with a budget authority of “E” (authority to obligate *estimated* receipts and spend only *actual* receipts) **and** where *actual* receipts have not yet

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been deposited to cover the obligations. These appropriations may have outstanding purchase orders *funded* by estimated receipts not yet received.

Over-obligated appropriations must be resolved by **August 3<sup>rd</sup>** by taking corrective action. Solutions include canceling purchase orders or moving expenditures to another appropriation if legally feasible. An exemption request can be requested by submitting a cash flow assistance form (FI-00398) and a cash flow analysis form (FI-00523).

### **2. *Over-expended appropriations***

Non-Federal appropriations with budget authority of “G” (obligate and spend the greater of actual or *estimated* receipts) **and** where *actual* receipts have not yet been deposited to cover the expenditures. Over-expended appropriations may also be over-obligated as described above. These appropriations have been authorized to make expenditures against anticipated receipts.

An exemption request can be requested by submitting a cash flow assistance form (FI-00398) and a cash flow analysis form (FI-00523).



## APPENDIX A

### Agency Fiscal Year Closing Checklist

(MMB is providing this checklist for reference.)

#### **New Year Set-up:**

- \_\_\_ Appropriations are set up correctly.
- \_\_\_ Expense budgets have been established so that Appropriations are fully allotted.
- \_\_\_ Expense budgets for Information Technology expenditures have been split out and established where required.
- \_\_\_ Revenue budgets have been established.
- \_\_\_ Necessary Anticipated Transfers have been processed.
- \_\_\_ Purchase Orders processed for goods or services needed on July 1
- \_\_\_ Position Funding corrected for positions in error on the Positions with Invalid

#### **Close Preparation:**

- \_\_\_ Determine if any dedicated nonfederal appropriations need cash flow assistance.
- \_\_\_ Adjust revenue budgets in dedicated appropriations to anticipated receipt amounts sufficient to pay certified encumbrances or to cover negative cash balances. (This is an optional task.)
- \_\_\_ Ensure sufficient funds are allotted to meet remaining payroll obligations.
- \_\_\_ Ensure funds are encumbered to pay Indirect Costs.
- \_\_\_ Review open encumbrance and requisitions and adjust/cancel as needed.
- \_\_\_ Cancel requisitions not encumbered by June 30th.
- \_\_\_ Review encumbrances to ensure that there is a sufficient unliquidated balance to cover outstanding obligations.
- \_\_\_ Adjust expense budgets to eliminate unobligated balances (optional).
- \_\_\_ Adjust anticipated transfers so that the anticipated transfer balance is \$0.
- \_\_\_ Settle all FY 2012 employee travel advances.
- \_\_\_ Review unprocessed transactions and process/delete as appropriate.
- \_\_\_ All other payroll deadlines have been met (including payroll expense transfers).
- \_\_\_ All encumbrance certification and encumbrance deadlines met.

## **APPENDIX B**

### **Checklist of Closing Year Activities Calendar 2012**

Located on MMB website at <http://www.swift.state.mn.us/fy12-year-end>

## APPENDIX C

### How to Process Certain Transactions During the Closing Period

#### Scene I. Canceling and Recreating a Strategic Sourcing Requisition in SWIFT

The buyer should unattach the original requisition from the solicitation and return it to the requestor for cancellation or update the current funding. The buyer will then need to create a new solicitation/event and attach the new or updated requisition to the event.

For detailed instructions please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>.

#### Scene II. Canceling Requisitions in SWIFT

Agencies must review the **Encumbrance Certification Report** for requisitions not pre-encumbered or fully awarded to a purchase order and budget checked by **June 30<sup>th</sup>, 2012**. Agencies must change these requisitions to use FY2013 budgets or cancel the requisition.

For detailed instructions please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>.

#### Scene III. Certifying, Cancelling or Carrying Forward Purchase Orders in SWIFT

The **Encumbrance Certification Report** is being e-mailed as an Excel file to all state agencies on **July 19<sup>th</sup>, 2012**. This report will be used to identify Purchase Orders which need to be certified, will be cancelled by the agency, or need to be carried forward into BFY 2013. For carry forward orders, agencies will complete an excel template and submit it to the SWIFT team in order to add FY2013 funding to the existing purchase orders.

The following steps are needed to certify, cancel or carry forward purchase orders:

1. Review **Encumbrance Certification Report**
2. Identify Purchase Orders to certify to remain open for BFY 2012.
3. Identify Purchase Orders to cancel and cancel Purchase Orders in SWIFT
4. Identify Purchase Orders to carry forward and complete excel template and submit to SWIFT team in order to add FY2013 funding to the existing purchase orders.
5. E-mail the completed **Encumbrance Certification Report** to MMB and send certification statements no later than **August 10<sup>th</sup>, 2012**.

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The deadline for certifying valid purchase orders, canceling unneeded or non-certifiable purchase or identifying carry forward orders is **August 10<sup>th</sup>, 2012**.

For detailed instructions on how to cancel a purchase order or complete the excel template (Component Interface), please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>.

## APPENDIX D

### Certifying Prior Year Purchase orders

The deadline for certifying valid BFY 2012 purchase orders, canceling unneeded or non-certifiable purchase orders or carrying these forward to BFY 2013 is **August 10<sup>th</sup>, 2012**.

The **Encumbrance Certification Report** is being e-mailed as an Excel file to all State agencies on **July 19<sup>th</sup>, 2012**. This report will be used to identify Purchase Orders which need to be certified, will be cancelled by the agency, or need to be carried forward into BFY 2013. For carry forward orders, agencies will complete an excel template and submit it to the SWIFT team in order to add FY2013 funding to the existing purchase orders.

For detailed instructions on how to cancel a purchase order or complete the excel template (Component Interface), please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>

**Close Report:** All purchase orders in this group must be closed by **August 17<sup>th</sup>, 2012**. Included are:

1. Purchase orders in Account code Group 1 where the appropriation end date is 06/30/12. This includes all appropriation types, except type 02.
2. All purchase orders where the appropriation end date is on or before 06/30/12.
3. All requisitions.

**Close / Certify Report:** This includes purchase orders in Account code Groups 2, 3, and 4 in all appropriation types, except 02, where the appropriation end date is 06/30/12. The mandatory closing dates for purchase orders in these account code groups are included as well. Mandatory closing dates are as follows:

Account Code Group	2 – Dec 31, 2012
	3 – Mar 31, 2013
	4 – Jun 30, 2013

**Review Report:** Purchase orders in this category are in appropriation type 02 and do not require certification.

**Cash and Debt Management Report:** Purchase orders that are in an Appropriation Type 02 with a Bill\_Area attribute of A94 or A96 and Fund 2700, 3510, 3520, 2300, 8250, 3600,4020 or 2820; and purchase orders in Appropriation Type 02 and Funds 3501 are reviewed by the Cash and Debt Services Section of the Department of Finance.

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Grant Purchase Orders: MS 16A.28, Subd.6: Purchase orders for grants issued by **June 30<sup>th</sup>** may be certified for a period of one year beyond the year in which the funds were originally appropriated. Services rendered under grant contracts may occur during the certification period.

Purchase orders for local governmental assistance (previously object codes 5A\* through 5H\* ) with legal authority lapsing on or before **June 30<sup>th</sup>, 2012** must be closed. Services under these purchase orders should have been completed by **June 30<sup>th</sup>, 2012**.

For a variety of reasons, an agency may have authority to retain funding beyond a fiscal year or purchase orders may not require certification. This should not be interpreted as authority for an agency to ignore the purchase orders.

Agencies are expected to, when possible, pay from the fiscal year in which goods were ordered or services were provided. This may require an agency to close existing purchase orders, carry the funding forward and reestablish the purchase orders in the proper fiscal year without regard for appropriation type or funding end date.

### **Requests for Exemption**

Agencies must complete the **Exemption Request** column in the Excel file for each purchase order on the **Encumbrance Certification Report** that cannot be closed prior to **August 17<sup>th</sup>, 2012**. Exemption Requests should include an explanation of what needs to occur in order to close the purchase orders and the date the purchase orders is expected to close. The **Encumbrance Certification Report** is due to MMB by **August 10<sup>th</sup>, 2012**.

### **Certifying Purchase orders**

Agency Accounting Coordinators are required to certify purchase orders on the **Encumbrance Certification Report**.

#### **1. *When can a closed purchase order be reestablished?***

The Department of Finance has authority to reestablish purchase orders closed in error. An agency must submit a POF request with a detailed explanation of why the purchase orders should be set up again. Requests for POF's are not processed if the agency can create a new PO or the total amount is less than \$2,500. MMB will work with the agency on those purchase orders that are determined to be eligible after August 9<sup>th</sup>, 2012.

#### **2. *What happens if you disagree with the appropriation type or funding end date?***

Your Agency Accounting Coordinator must work with your Executive Budget Officer and Agency Assistance to change an "Appropriation Type" or "Funding End Date".

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### 3. *What do Agency accounting coordinators need to do?*

E-mail the completed Excel file for the **Encumbrance Certification Report** and send the certification statement no later than **August 10<sup>th</sup>, 2012**, to:

Minnesota Management and Budget  
File Maintenance Section  
Attn: Michael Persons  
Phone: 651-201-8178  
FAX: 651-797-1306  
Michael.Persons@state.mn.us

***Partial submissions will be returned/sent*** to the Agency Accounting Coordinator Director for consolidation / completion.

## APPENDIX E

### **Encumbrance Certification Report**

Below is a sample of the **Encumbrance Certification Report** output. Agencies should use this file to identify purchase orders they have cancelled, certified to remain open for BFY 2012 or certified to carry forward to BFY 2013.

This report can be run in SWIFT using the following path:

*Purchasing > Reports > Encumbrance Certification RPT*

For detailed instructions please refer to the Quick Reference Guides on the SWIFT website at <http://www.swift.state.mn.us/purchasing-ref>.



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DOF Report	Exemption Request	DocType	Agency	Location	Origin	Buyer	PO Nbr	Req Nbr	Date	Vendor ID	Vendor Loc	Vendor Name	Distribution Line Status	Line Nbr	Schedule Nbr	Distribution Line Nbr	Budget Year	Fund	Appropriation ID	Dept ID	Account	Award	Project/Grant	Activity	Line Amt	Open Amt	Appropriation Type	Bill Area
		BPC	B1501	B15BARBERB	174	680855	3000000001		7/28/11	254225	1	VERIZON WIRELESS	Open	1	1	1	2011	1000	B151111	B1530000	411554	28174			400	39.76	5	
		KEO	B1501	B15BARBERB	174	680855	3000000002		7/29/11	216827	1	UNIVERSITY PARK PLAZA	Open	1	1	1	2011	1000	B151111	B1530000	411001	14069			1008.31	425	5	
		BPC	B1501	B15BARBERB	174	680855	3000000004		8/9/11	295401	1	INNOVATIVE OFFICE SOLUTIONS	Open	1	1	1	2011	1000	B151111	B1530000	413001	16436			2155.5	1566.93	5	
		BPM	B1501	B15BARBERB	174	680855	3000000005		8/12/11	PLACEHOLDR	1	PLACEHOLDER	Open	1	1	1	2011	1000	B151111	B1530000	411101				0.01	0.01	5	
		BPM	B1501	B15BARBERB	174	680855	3000000005		8/12/11	PLACEHOLDR	1	PLACEHOLDER	Open	2	1	1	2011	1000	B151111	B1530000	413001				0.01	0.01	5	
		BPM	B1501	B15BARBERB	174	680855	3000000005		8/12/11	PLACEHOLDR	1	PLACEHOLDER	Open	3	1	1	2011	1000	B151111	B1530000	430001				0.01	0.01	5	
		BPM	B1501	B15BARBERB	174	680855	3000000005		8/12/11	PLACEHOLDR	1	PLACEHOLDER	Open	5	1	1	2011	1000	B151111	B1530000	411601				3500	3500	5	
		BPM	B1501	B15BARBERB	174	680855	3000000005		8/12/11	PLACEHOLDR	1	PLACEHOLDER	Open	6	1	1	2011	1000	B151111	B1530000	430016				300	100	5	
		BPM	B1501	B15BARBERB	174	680855	3000000005		8/12/11	PLACEHOLDR	1	PLACEHOLDER	Open	7	1	1	2011	1000	B151111	B1530000	411313				0.01	0.01	5	

## APPENDIX F

### Request for Exemption and Certifying Purchase Orders

#### A. Requests for Exemption

Agencies must complete the **Exemption Request** column in the Excel file for each purchase order on the **Encumbrance Certification Report** that cannot be closed prior to **August 10<sup>th</sup>, 2012**. Exemption Requests should include an explanation of what needs to occur in order to close the purchase orders and the date the purchase orders are expected to close.

#### B. Certifying Purchase Orders

Agency Accounting Coordinators are required to certify purchase orders on the **Encumbrance Certification Report**. To certify purchase orders, the accounting coordinator must submit a memo stating:

“I certify that all purchase orders requiring certification have been reviewed and that any purchase orders remaining open after August 10, 2012, are legal obligations of the Agency. I further certify that, in accordance with M.S. 16A.28 – Treatment of unused appropriations, the purchase orders are for services rendered or goods ordered on or before the Agency’s legal authority to the funding lapsed.”

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

## APPENDIX G

### Account Groups

GROUP 1 ACCOUNTS	MISCELLANEOUS
SWIFT Accounts	Description
410001-410005	Salaries and Benefits
410301-410303	Salaries and Benefits
410501-410504	Salaries and Benefits
410701-410719	Salaries and Benefits
411601-411606	Travel and Subsistence - Instate
411701-411706	Travel and Subsistence - Outstate
411801-411806	Employee Development
420001	Agency Indirect Costs
420101-420103	Statewide Indirect Costs
420201	Attorney General Costs
420301-420302	State Agency Reimbursements
411901-411912	Agency Provided Professional/Technical Services
411951	Information Technology Services
420401	Agency Direct Costs
420501	Legislative Expense
441201-441203	Student, Patient, Inmate Activities
440002-440003	Other Financial Transactions
440101-440103	Other Financial Transactions
480501-480507	Other Financial Transactions
480601-480602	Other Financial Transactions
442001	Other Financial Transactions
490002-490004	Non-cash Transactions
490009, 490101	Non-cash Transactions
420601-420603	Non-cash Transactions

GROUP 2 ACCOUNTS	SERVICES RENDERED
SWIFT Accounts	Description
411001-411006	Space Rental, Maintenance and Utility
415001-415004	Repairs, Alterations and Maintenance
411101-411105	Printing and Advertising
411301-411325	Professional/Technical Services Outside Vendor

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GROUP 2 ACCOUNTS	SERVICES RENDERED
SWIFT Accounts	Description
411451-411452	Information Technology Development and Maintenance
411501-411506	Computer and Systems Services
411553-411555	Communications – not goods
414002-414003	Capital Lease – Principal / Interest
470601, 471606	Equipment Rental, Agency Fleet Management
412001	Stipends
412003-412004	Claims
430001-430019	Other Operating Costs

GROUP 3 ACCOUNTS	GOODS ORDERED
SWIFT Accounts	Description
411551	Postal Mailing – Freight – for goods on PO
413001-413014	Supplies
470606	Equipment - Capital
470602	Motor Vehicle - Capital
470603	Computer/Peripheral - Capital
470604	Lab-Med Dental Equipment - Capital
40605	Communication Equipment – Capital
470300	Construction and Road Maintenance

GROUP 4 ACCOUNTS	Capital Outlay, Real Estate, Grants
SWIFT Accounts	Description
470001-470005	Capital Outlay and Real Estate
470050-470055	Land, Easements > 30 yrs , Reimb Property Owner
470100-470105	Buildings, Land Improvements
472300-470303	Hwy, Bridge, Airport Construction
441001-441006	Medical Rehab - Clients
441101-441106	Other Payments to Individuals
441301-441302	Local Assistance Counties and Cities
441351-441352	Local Assistance Towns and Cities
441451-441452	Aid to Higher Education
441401-441402	Local Assistance Schools
441501-441502	Local Assistance Special Districts

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<b>GROUP 4 ACCOUNTS</b>	<b>Capital Outlay, Real Estate, Grants</b>
<b>SWIFT Accounts</b>	<b>Description</b>
441551-441552	Aid to State Agencies
441601-441603	Aid to Non-government Organizations
441651-441653	Aid to Individuals
480400-480401	Aid to Sovereign Entities

If you have any questions, please call the MMB [Agency Assistance Contact](#) assigned to your