

To run cost allocation/fund split for FM 13 expenditures and encumbrances at the same time, use the new year OC Table to set the following indicators:

RUN COST	=	A, C or Y
RUN TYPE	=	A
ENCUMB ALLOC	=	Y
LAST STEP RUN	=	00 (Zero-Zero)

This option should be run only once.

OPTION #4 – Cost Allocate/Fund Split Year-End Variance

This option is for agencies that use standard costing PCAs. Variances created during the year that have not been allocated and those created after FM 13 cost allocation must be allocated in the year-end variance cost allocation/fund split process.

To run cost allocation/fund split for FM 13 variances, use the new year OC Table to set the following indicators:

RUN COST	=	A, C or Y
RUN TYPE	=	Y
ENCUMB ALLOC	=	N
LAST STEP RUN	=	00 (Zero-Zero)

This option can be run only once.

PREPARE PRELIMINARY FM 13 RECONCILIATIONS

After the FM 13 cost allocation/fund split process is complete (including the correction of all resulting errors) agencies should prepare preliminary FM 13 reconciliations. Request the reports (use Prior Year option—PY) needed to prepare the preliminary FM 13 reconciliations. These reports include the HB4, G01, DB1, DB2, D16, B03, B04 and S01. Any CALSTARS reconciling items found during this process need to be corrected with additional entries to CALSTARS. Any entries made affecting GLA 9000 must be manually cost allocated and fund split.

At this time, agencies should also request a B06 or N10 Report to review all appropriations for over-expenditures or inappropriate costs. Since the manual process of reclassifying the allocated encumbrance credit in Administration will not be performed until later, a Q14 or Q16 Report at a level that shows Administration separate from Distributed Administration may be used to determine the true balance of Administration (see the *Reclassify Allocated Encumbrance Credit in Administration* section later in this chapter).

After reviewing the preliminary FM 13 reconciliations and the B06 Report, agencies may find that budgetary expenditures (expenditures plus encumbrances) exceed appropriation, fund and/or cash balances. If this is the case, review the correctness of encumbrances, accruals and expenditures. If adjustments are necessary due to incorrect entries, refer

to the subsequent section titled *Correcting Encumbrance or Accrual Entries/Allocation* for instructions. For funds where revenue collections must be considered, verify that all receipts earned have been billed and/or accrued and revenues received in advance do not contain receipts for the current accounting period (B04, F01, and G02 reports).

In most agencies, the year-end review of budgetary expenditures is done in conjunction with Budget Office staff. If a scheduled line, appropriation, fund or cash in a fund is overexpended, adjustments must be made prior to statement preparation. It may be necessary to move expenditures/encumbrances, submit a Budget Revision or Deficiency Request, request a loan, or other appropriate action. Under no circumstances should the Accounting Office reverse accruals, expenditures, or encumbrances that are legitimate costs of a program or category.

Making Adjustments after FM 13 Cost Allocation/Fund Split

To make expenditure/encumbrance adjustments after FM 13 cost allocation/fund split, FM 13 must be reopened by setting the OC Table Prior Year Open indicator to **Y**. If encumbrance adjustments are needed, it may be possible to re-run the encumbrance allocation (see Option 2 in the preceding section), however, once manual encumbrance adjustments are entered (TC 312/TC 316), the automated encumbrance allocation process should **not** be used. The following describes some adjustments that may be necessary:

Move Encumbrances to New Year

If appropriate, do the following to move encumbrances to the *new year*:

1. Disencumber encumbrances in FM 13
 - ☛ Use TC 213 in FM 13 to shift encumbrances to the new fiscal year; and
 - ☛ If the encumbrances are not direct charged to the appropriation being adjusted (i.e., they are in the Clearing Account), reallocate encumbrances (see Exhibit III-1, Option 2) or manually adjust allocated encumbrances. If allocated encumbrances are manually adjusted, use TC 312 to post to the Clearing Account and TC 316 to post to the appropriation being adjusted using the ultimate funding information.
2. Reestablish encumbrances in the *new fiscal year*

Use TC 211 in the *new fiscal year* (CM or PM) using the new year Indexes/PCAs to reestablish the encumbrances with the revised funding. (An alternative process is to use TC 211 with a zero amount and TC 212 with the actual amount. TC 211 establishes the document and TC 212 places the encumbrance amount in the adjustments field, since it is not a new encumbrance.)

Move Expenditures to Another Appropriation

If appropriate, do the following to transfer the overexpended appropriation amount to an underexpended appropriation.

1. Credit overexpended appropriation - Lump Sum
 - ✧ Use TC 315;
 - ✧ Use an agency-wide Index Code;
 - ✧ Use an appropriate PCA that looks up the overexpended appropriation and scheduled line in the appropriation;
 - ✧ If appropriated by program, use Object Detail **191** for Personal Services, Object Detail **591** for Operating Expenses or Object Detail **691** for Unclassified;
 - ✧ If appropriated by category, use Object Detail **191** for Personal Services and/or Object Detail **591** for Operating Expenses; and,
 - ✧ Enter the ultimate AS, FS, Fund, Fund Detail and Method exactly as originally charged. (Must override disbursing AS and Fund.)
2. Debit underexpended appropriation - Lump Sum
 - ✧ Use TC 311;
 - ✧ Enter the same Index Code as Credit Index Code;
 - ✧ Enter the same PCA as Credit PCA. If new AS and Fund are not on the ultimate fund segment of the PA Table, they must be added (use **0.0000%**) prior to making this entry;
 - ✧ Enter the same Object Detail as the Credit Object Detail; and,
 - ✧ Enter the ultimate AS, FS, Fund, Fund Detail and Method selected for transfer. This coding may be contained in or added to PA table. (Must override disbursing AS and Fund).

Correct Encumbrance or Accrual Entries/Allocations

1. Identify the original incorrect entry(ies) and record reversing or adjusting entry(ies). For example, an erroneous expenditure accrual recorded with a TC 215 would be reversed with a TC 215R. If the PCA(s) used in the correcting entry(ies) is an Indirect PCA(s), corrections must be manually cost allocated to identify the specific direct PCA(s) to post to the ultimate funds as described below.
2. If any of the above corrections are posted to the Clearing Account, the effects of these corrections on the ultimate funds/appropriations must also be recorded.

- a. If encumbrances are adjusted in the Clearing Account, reallocate encumbrances (see Exhibit III-1, Option 2); or, manually adjust allocated encumbrances.
 - 1) For entries reducing encumbrances, enter a TC 312 in the Clearing Account, using the PCA's disbursing fund and a TC 316 in the appropriation being adjusted, using the PCA's ultimate funding information.
 - 2) For entries increasing encumbrances, enter a TC 316 in the Clearing Account, using the PCA's disbursing fund and a TC 312, in the appropriation being adjusted using the PCA's ultimate funding information.
- b. If expenditures are adjusted in the Clearing Account, TC 311s and 315s must be entered to manually perform fund distribution to the ultimate funds.
 - 1) For entries crediting expenditures, enter TC 311 transactions in the Clearing Account (disbursing funding) and TC 315 transactions for the ultimate fund by coding the PCA's ultimate funding information.
 - 2) For entries debiting expenditures, enter TC 315 transactions in the Clearing Account (disbursing funding) and TC 311 transactions for the ultimate fund by coding the PCA's ultimate funding information.

Correct Variances in Indirect Cost Centers Funded by the Clearing Account

1. Analyze CA Table to determine where variance should be charged.
2. Enter TC 311 (Charge):
 - Use Index and PCA determined from the analysis
 - Use Object per CA Table (Charge Object)
 - Charge ultimate Appropriation Symbol (AS), Fund Source (FS), Fund, Fund Detail and Method of PCAs being charged (must override disbursing AS and Fund).
3. Enter TC 315 (Credit):
 - Use Index, PCA, Object, AS, FS, Fund, Fund Detail and Method as shown on CA Table for recovery.