Closeout Job Aid

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Preface
This document is intended to be a job aid used by state agencies and University of North Carolina campuses during the quarterly and year-end closeout process. The document details (1) why each check is an important part of budget maintenance, (2) the agencies responsible for performing each check, and (3) a step-by-step process for completing each check. Performing these checks and correcting any problems identified should be done prior to signing and submitting to OSBM the agency closeout certification form included in the Closeout Memo available on the OSBM website.

Closeout Overview
In the 4th quarter of each fiscal year, agencies and universities receive closeout instructions in the form of a memo from the Office of State Budget and Management (OSBM). Agencies and University of North Carolina campuses should use this job aid, along with the closeout memo from OSBM, to ensure closeout is completed accurately. This job aid can also be used during the quarterly close-out process that occurs during any given fiscal year.
NCAS Account Levels
Throughout this document there are references to 4-digit, 2-digit, and detailed account levels. Using account 532150 as an example: the 4-digit level refers to 2150 and does not include the 53 prefix; the 2-digit account level refers to 5321xx, which pools all 4-digit accounts between 532100 and 532199; the detailed account level refers to 532150. Universities should refer to the UNC System Pooled Account Structure, which allows certain account pools at an even higher level than the 2-digit level.

NCAS IBIS Budget Reconciliation
Reconciling budgets between NCAS and IBIS is the first, high-level budget review that should be completed before quarterly and year-end closeout. The check is intended to ensure that IBIS and NCAS budgets match. The check is important because the budget is tracked simultaneously in both the state’s Accounting System (NCAS) and Budget System (IBIS). (UNC campuses maintain their own, separate budgeting systems in Peoplesoft or Banner, which interface into NCAS, but not IBIS). In the case of state agencies, discrepancies most frequently arise when accounts used in IBIS have not been validated in NCAS, known as a “validation error.” In this case, an IBIS revision will fail to crosswalk to NCAS, creating the discrepancy. In the case of UNC campuses, discrepancies may result from Banner/Peoplesoft crosswalk errors into NCAS or entries made in Banner/Peoplesoft without accompanying entries made in IBIS.

Responsibility for Reconciliation Check: Agencies at the detailed account level; universities at the UNC pooled account level; and OSBM at the budget code and fund code levels.
To perform the check:

NCAS Agencies ONLY

1. From the IBIS Reports menu, retrieve the Previous Month Comparison of BD 701 and RK 325 report, which lists discrepancies by BRU, budget code, fund, and account (IBIS Location: Team Content > System-Run Reports > Budget Execution Reports > Previous Month Comparison of BD 701 and RK 325).

2. Check for any differences between IBIS and NCAS at the budget code, fund code, and detailed account levels. If discrepancies exist, the report will list them.

3. The cause of any discrepancies will need to be identified and corrected before closeout.
NCAS Interface Agencies/Universities

1. Retrieve copies of the agency/university BD 701 and IBIS RK 325 reports. The RK 325 Report can be found in the IBIS report folder: Team Content > Self Service Reports > Budget Execution Reports

2. Compare IBIS certified and authorized budgets at the fund code level to NCAS certified and authorized budgets at the fund code level. Check each individual fund code.

3. Perform this same check at the detailed account level or UNC Pooled Account Level. Interface agencies/universities are responsible for the accuracy of this check. Your OSBM analyst will not perform this check.

4. The cause of any discrepancies – e.g. a validation error – will need to be identified and corrected before closeout.
Review for Negative Budgets

Reviewing for negative budgets is a simple, but important process. The budget should reflect what an agency/university is authorized to spend. Negative budgets increase the risk of spending more than your budgeted authority. For example, if a negative budget occurs in the supplies line item, the unspent budget in other line items must offset this negative amount. This becomes a significant problem if the budget for mandatory expenditures, such as salary, ends up serving as the offset for the negative budget in the supplies line item. There may be special circumstances in which negative budgets are authorized, such as negative reserves enacted by the General Assembly.

Responsibility for Negative Budget Check: Agencies/Universities at detailed account level (pooled account level for UNC) and OSBM at budget code and fund code levels.

To perform the check:

NCAS Agencies Only

1. Retrieve the Previous Month Negative Budget (Cert/Auth) report from IBIS (IBIS Location: Team Content > System-Run Reports > Budget Execution Reports > Previous Month Negative Budget (Cert/Auth).)
2. Filter the report by budget code and review budget for negatives. If negative budgets exist, they will be listed in the report.

<table>
<thead>
<tr>
<th>Account Code</th>
<th>OSC Actual Ammt</th>
<th>OSC Certified Ammt</th>
<th>OSC Authorized Ammt</th>
<th>OSC Over Expendit</th>
</tr>
</thead>
<tbody>
<tr>
<td>532800</td>
<td>$48,655.97</td>
<td>$589,095.00</td>
<td>($42,767.00)</td>
<td>($91,432.97)</td>
</tr>
<tr>
<td>538575</td>
<td>$0.00</td>
<td>($879,857.00)</td>
<td>($879,857.00)</td>
<td>($879,857.00)</td>
</tr>
</tbody>
</table>

Previous Month Negative Budget Report

3. Any negative budgets that are not in a negative reserve account will require a budget revision to correct them.

NCAS Interface Agencies/Universities

1. Review the BD 701 at the detailed account level to identify any negative budgets.

<table>
<thead>
<tr>
<th>REVENUES-ESTIMATED AND ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>4327AA FEDERAL RESEARCH GRANTS</td>
</tr>
<tr>
<td>43170 UTILITY SALES &amp; SERVICES</td>
</tr>
<tr>
<td>434190 OTHER SALES &amp; SERVICES</td>
</tr>
<tr>
<td>434195 UNIV/CC AUXILIARY SALES</td>
</tr>
<tr>
<td>434321 SALE OF SURP PROP-NONOPRE</td>
</tr>
<tr>
<td>434910 RENIAL OF REAL PROPERTY</td>
</tr>
<tr>
<td>435500 FINES,PENAL. ASSESS FEES</td>
</tr>
<tr>
<td>435600 REGISTRATION FEES</td>
</tr>
<tr>
<td>435801 TUITION/FEES-BAD DEBT</td>
</tr>
<tr>
<td>435803 TUIT/FEE-SREC-RECOV BAD DEBT</td>
</tr>
<tr>
<td>435810 RESIDENT TUITION</td>
</tr>
<tr>
<td>435812 RES TUITION SURCHARGE</td>
</tr>
<tr>
<td>435820 NON-RESIDENT TUITION</td>
</tr>
<tr>
<td>435822 NON-RES GRAD ASST WAIVER</td>
</tr>
<tr>
<td>435823 NON-RES TUITION SURCHARGE</td>
</tr>
<tr>
<td>435831 EXTENSION INSTRUCTION FE</td>
</tr>
<tr>
<td>435834 SPECIAL FEES</td>
</tr>
<tr>
<td>435850 ACCRUEO REVENUE ADJUST</td>
</tr>
<tr>
<td>437116 INSURANCE RECOV - NONOPRE</td>
</tr>
<tr>
<td>437117 REBATES</td>
</tr>
<tr>
<td>437206 PROCUREMENT CARD REBATES</td>
</tr>
<tr>
<td>437990 OTHER MIS CRP-RECOV</td>
</tr>
<tr>
<td>437994 RETURNED CHECK FEES</td>
</tr>
<tr>
<td>438999 NONNORD INTRA-INST TRF</td>
</tr>
</tbody>
</table>

University BD 701 Revenue Account Budgets

This one is ok because it’s a negative reserve account!
Review for Over-Expended Funds & Accounts

Agencies and universities should ensure that no unauthorized over-expenditures have occurred. The budgeted line items are the maximum amount of spending authorized by the General Assembly. Over-expenditures need to be corrected either by fixing expenditures that were coded to the wrong line item or through a budget revision that increases the budget of the line item and notes the relevant authority provided by the General Statutes or session law.

Responsibility for Over-Expenditure Check: Agencies at the 4-digit account level for 53 1x, 6x, 7x, and 8x, and at the 2-digit account level for the 53 2x through 53 5x range; universities at the UNC Pooled Account level; and OSBM at the budget code and fund level.

To perform the check:

NCAS Agencies ONLY

1. Retrieve the Previous Month Over-Expenditure report from IBIS (IBIS Location: Team Content > System-Run Reports > Budget Execution > Previous Month Over-Expenditure).
2. Check for any differences between IBIS and NCAS at the budget code, fund code, and detail account levels.

3. If there are any over-expended funds or accounts, a budget revision will be necessary before quarterly or year-end closeout. If there are over-expenditures, the report will list them.
NCAS Interface Agencies/Universities

1. Review the BD 701 at the fund code level and detailed account level to identify any over-expended funds and accounts. Over-expenditures will show as negatives in the unexpended/unrealized authorized column of the BD 701.

2. If there are over-expenditures, a revision will be necessary to realign from appropriate accounts with positive balances or the agency/university may budget eligible over-realized receipts.

3. If there are any over-expended funds or accounts, a budget revision will be necessary before end-of-year closeout.

Reserve Accounts

Reserve accounts (53 7xxx) are used for appropriations in which the specific line item budgets are not known at the time of certification or require OSBM approval before allocation for expenditure. Expenditures may not be classified to reserve accounts. After the agency/university knows how the funds will be expended, agencies and universities should submit a Type 11 revision to distribute these funds to the appropriate accounts. Unless specified otherwise in legislation, funds budgeted to reserve accounts will revert at the end of the fiscal year.

Responsibility for Reserve Account Check: Agencies and universities at the detailed account level.
To perform the check:

1. Review the BD 701 Summary by Account for any 537xxx accounts with budgeted funds.

2. If there are funds budgeted in a 537xxx account and the agency/university knows how these funds will be expended, a budget revision may be submitted to distribute the budgeted funds.

3. If the agency/university will not be able to spend funds prior to the end of the fiscal year, the OSBM analyst should be contacted to determine if funds may be carried forward.

Account Titles

Review the BD701 Summary by Account to identify any missing or incorrect account titles. Ensuring account titles are properly named will ensure funds are properly budgeted and expenditures are properly coded.

Responsibility for Account Titles Check: Agencies and universities at the Summary by Account level.
To perform the check:

1. Review the BD 701’s Summary by Account. Any account with a missing title will say, “No Desc Found” under the Description Field.

2. If there are missing account titles or account titles that are incorrect, the account should be updated in NCAS prior to quarterly or year-end closeout. IBIS will update automatically overnight.

Over-Realized Receipts

Agencies/universities are required to budget receipts prior to expenditure of those receipts. Any expenditure of over-realized receipts are considered unauthorized prior to OSBM approval of a budget revision budgeting the excess receipts. Agencies and universities should review the BD 701 for any over-realized receipts prior to closeout.

Responsibility for Over-Realized Receipts Check: Agencies and universities at the detailed account level.

To perform the check:

1. Review revenue accounts in the BD 701 for any over-realized receipts. These will show as negatives in the unexpended/unrealized authorized column.

2. Determine if any over-realized receipts represent unearned revenue. Over-realized receipts that represent unearned revenue should not be budgeted until the end of the fiscal year as part of the carry forward process.
3. If there are over-realized receipts that are allowed to be budgeted and spent in the current fiscal year, submit a budget revision to budget the additional receipts. Otherwise, over-realized receipts should be left unbudgeted so the funds can revert to the General Fund. In the case of Special Funds, over-realized receipts that are unspent will not revert and be added to the fund balance.

Salary Reserve Balances

Agencies should ensure that no negative salary reserve balances exist in salary control in IBIS. A negative salary reserve would indicate that an agency has committed more salary dollars than are available in the budget, effectively setting up an agency to have over-expenditures in a salary account.

Responsibility for Salary Reserve Balance Check: Agencies at the detailed account level (universities do not use Salary Control in IBIS but should reconcile their internal salary control systems).

To perform the check:

1. Click on the Salary Control tab in IBIS.
2. From the dropdown menus, click on the agency, biennium, and year, and then click “refresh.”
3. Click on each fund code and check the detailed view by account for any accounts that show a negative salary reserve balance. This report compares the IBIS Budgeted salary with the actual salary amount reflected in Beacon.

University BD 701 at Summary by Account Level

This university has over-realized receipts that may need to be budgeted prior to closeout. The university should examine each receipt source and determine if the funds need to be carried forward as unearned revenue, budgeted for expenditure, or revert to the General Fund.
4. If there are any negative reserves, contact your OSBM analyst about submitting a budget revision that fixes the negative reserve balance.

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>IBIS FTE</th>
<th>Beecon FTE</th>
<th>IBIS Budget</th>
<th>Beecon Salary</th>
<th>Salary Reserve</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>531111</td>
<td>EMERGENCY SALARIES-APPRO</td>
<td>0.200</td>
<td>0.000</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
<td>0</td>
</tr>
<tr>
<td>531161</td>
<td>GENERAL OFFICE OF ST SALARIES</td>
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<td>1.500</td>
<td>$217,661.00</td>
<td>$217,661.00</td>
<td>$217,661.00</td>
<td>0</td>
</tr>
<tr>
<td>531211</td>
<td>SPARED SALARIES-APPRO</td>
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<td>40.555</td>
<td>$2,906,189.00</td>
<td>$2,906,189.00</td>
<td>$2,906,189.00</td>
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</tr>
<tr>
<td>531212</td>
<td>SPARED SALARIES-MEPT</td>
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<td>14.000</td>
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<td>$932,490.00</td>
<td>$932,490.00</td>
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</tr>
<tr>
<td>531221</td>
<td>STATE TIME LIMITED SALARIES</td>
<td>2.000</td>
<td>1.000</td>
<td>$259,035.00</td>
<td>$169,973.00</td>
<td>$154,933.00</td>
<td>0</td>
</tr>
<tr>
<td>531222</td>
<td>STATE TIME LIMITED SALARIES-MEPT</td>
<td>2.000</td>
<td>2.000</td>
<td>$166,652.00</td>
<td>$166,652.00</td>
<td>$166,652.00</td>
<td>0</td>
</tr>
<tr>
<td>531305</td>
<td>ST/U TEMP/ANGLES - APPO</td>
<td>0.000</td>
<td>0.000</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
<td>0</td>
</tr>
<tr>
<td>537210</td>
<td>RER - PENDING LEGISLATION</td>
<td>0.000</td>
<td>0.000</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
<td>0</td>
</tr>
<tr>
<td>537101</td>
<td>RESERVE - ED &amp; WFORCE</td>
<td>0.000</td>
<td>0.000</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
<td>0</td>
</tr>
</tbody>
</table>

**Agency Salary Control Output in IBIS**

This agency is showing a negative salary reserve in two accounts. These accounts showing negative salary reserve should be fixed with a budget revision.

**Special Funds**

When reviewing special funds for closeout, agencies are responsible for performing the other checks outlined in this job aid – e.g. ensuring there are no negative budgets unless authorized, no over-expended accounts, etc. – but the primary agency responsibility is to ensure there are no negative balances. A negative balance indicates that the special fund is over-expended. The over-expenditure may be the result of misclassified expenditures or unrecorded receipts. Please contact your OSBM and OSC analysts for assistance identifying the cause of a negative fund balance.

**Responsibility for Special Funds Check:** Agencies and OSBM at fund level (N/A to UNC).

**To perform the check:**

1. Retrieve the BD 701 for any special funds.
2. Check that the “ending balance” is not negative.
3. If ending balance is negative, contact your OSBM and OSC analysts.

Federal Funds

State agencies should reconcile receipt-supported expenditures and related collection of receipts to ensure they are in balance, unless an exception is approved by OSBM.

Responsibility for Federal Funds Check: Agencies and OSBM at fund level (N/A to UNC).

To perform the check:

1. Retrieve the BD 701 and check individual funds to ensure expenditures are in balance with anticipated federal receipts.
2. If there are excess federal funds in the General Fund operating funds, return to the federal fund budget code ("3-Type") for your agency.

Carry Forward

The closeout memo provides a detailed job aid for the carry forward process and is available on the OSBM website. Please refer to the memo and carry forward job aid if you have questions related to this part of the year-end closeout process.
Summer School & Non-Credit Instruction (UNC Only)

UNC fund codes 1102 (Summer Term Instruction) and 1103 (Non-Credit Instruction) are self-supporting. University budgets should reflect this by budgeting zero state appropriation in each fund code.

Responsibility for 1102 & 1103 Check: Universities and OSBM at fund code level.

To perform the check:

1. Review the fund detail for 1102 & 1103 in the BD 701 for budgeted appropriation or appropriation in the Year-to-Date column.

2. If there is budgeted appropriation in 1102 or 1103 that was not certified on the BD 307, then a budget revision will be necessary prior to quarterly or year-end closeout.

3. Universities should ensure that no actual appropriation will be spent at year-end.

This UNC campus has no budgeted appropriation.
Allotments

Agencies and universities may not spend beyond the current total funds allotted. Allotments give the authority for agencies and universities to spend funds. Therefore, when an agency/university spends more requirements than was allotted, that agency/university has spent beyond its authority. An agency/university may collect more receipts than allotted. These over-realized receipts may not be spent before being budgeted.

Responsibility for Allotment Check: Agencies, universities, and OSBM check the BD 702.

To perform the check:

1. Compare the quarter-to-date expenditures and receipts with the allotted expenditures and receipts on the BD 702.

2. If quarter-to-date expenditures exceed allotted expenditures, the agency/university will need to submit an additional allotment request before quarterly or year-end closeout.
Agencies and universities should also ensure that allotment totals match IBIS allotment totals.

To perform the check:

1. Compare quarter-to-date and year-to-date allotment totals shown on the BD 702 with the quarter-to-date and year-to-date allotment totals approved in IBIS for your budget code.

2. If allotments do not a match, contact your budget analyst at OSBM.

Reversions

With the implementation of the North Carolina Financial System (NCFS), agencies and universities are required to revert unexpended allotted funds ONLY at fiscal year-end, rather than at the end of each quarter. Therefore, allotted funds that have not been expended will remain with the agency or university and be available for use. When looking at year-end reports in NCFS, agencies/universities should remember that cash balances may not reflect these unspent, allotted funds. A year-end reversion journal entry will be required in NCAS. In NCFS, an automated process will cause all year-end cash balances to revert for General Fund budget codes.

Responsibility for Allotment Check: At year-end, agencies/universities enter reversions for requirements, receipts, and appropriations, and check BD 702 for accuracy. OSC provides secondary-check for reversion for appropriations only.

To perform the check:

1. Agencies and universities should ensure year-end reversion entry is correct by comparing year-to-date allotment and year-to-date expenditures on the BD 702.
2. Fix any discrepancy by making the correct non-cash reversion entry in NCAS. Corrections will need to be made prior to year-end closeout.

In this example, the non-cash reversion in NCAS was not completed. The result is an artificially high allotted total, giving the appearance that allotted expenditures exceeded the budget.