



**STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT**



Employment First State for Individuals with Disabilities

ROY COOPER  
GOVERNOR

CHARLES PERUSSE  
STATE BUDGET DIRECTOR

May 3, 2021

**MEMORANDUM**

TO: Department Heads and Chief Fiscal Officers  
All State Departments, Institutions, and Agencies

FROM: Charles Perusse *Charles Perusse*  
State Budget Director

SUBJECT: Budget Guidelines for Closing Fiscal Year 2020-21

**SFY 2020-21 Closeout Kick-Off & SFY 2021-22 Preview**

**Friday, May 7<sup>th</sup>  
1:00 – 2:30 p.m.**

**[Microsoft Teams Meeting Link](#)**

**Use this link to join the meeting at the appropriate time**

The Office of State Budget and Management's (OSBM) review of budget reports will be focused on key elements and accomplished at a summary account or budget code level. Agencies and universities are accountable for ensuring compliance with OSBM's closeout guidance at the detailed account level, unless an exception is approved by OSBM.

**Carry Forward**

OSBM will review requests to carry forward funds from FY 2020-21 to FY 2021-22 in compliance with G.S. 143C and other General Statutes. Agencies and universities should submit their carry forward requests using the updated [Hyperlink - OSBM Carry Forward Template](#) along with any required supporting documentation.

Please review the [Hyperlink – Carry Forward Process Job Aid](#), which explains procedures for Encumbrance Carry Forward requests. For state agencies, only items encumbered by **May 15, 2021** should be included on the carry forward request.

June 11, 2021	Preliminary carry forward request estimates due to OSBM (ONLY FOR Departments of Health and Human Services, Department of Public Instruction, and University of North Carolina System)
July 1, 2021	Final carry forward requests for all state agencies and universities due to OSBM
Mid-July	OSBM approves carry forward and notifies agencies and universities

Once carry forward amounts are approved by OSBM, state agencies will submit budget revisions transferring those funds to the Office of State Controller's (OSC) statewide account. Carry forward funds for universities will not be transferred to OSC's statewide account. Universities will submit requisitions to OSC in the North Carolina Financial System (NCFS). Once the 2020-21 fiscal year has closed, OSBM and OSC will work together to approve the transfer of carryforward funds into the new fiscal year.

### **Certification of Budget Reports**

Agency and university budget officers or chief financial officers will be required to certify the accuracy of the BD 701 and 702 reports. You will find a 2020-21 closeout certification form attached. The closeout certification form should be completed and submitted to your OSBM analyst when the agency is ready for OSBM to review the BD 701 and BD 702 Budget Reports.

Agency and university budget officers or chief financial officers should ensure the following items are addressed before certifying budget reports are accurate and complete:

### **Reconciliation of Budgeted Codes**

Agencies and universities must ensure that the budgeted amounts in both certified and authorized columns on the BD 701 Budget Report reconcile to actions approved by OSBM through the budget revision process as reflected on the IBIS RK 325 Report. Also, there should not be any negative certified or authorized budgets unless an exception request has been approved by OSBM.

### **Over-Expended Accounts**

Expenditures greater than the budget are not authorized at the four-digit level for NCAS accounts in the 531X, 536X, 537X, and 538X range, and two-digit level for NCAS accounts in the 532X through 535X range. Universities are not authorized to have expenditures greater than the budget at the UNC pooled account level.

To the extent that the June 2021 BD 701 budget report reflects over-expended accounts, OSBM may approve retroactive budget actions for year-end closeout.

Agencies and universities should submit budget revisions providing appropriate justification for such requests, including the reason for the over-expenditure, the reason prior authorization was not received, and an explanation of the funding source proposed to correct the over-expenditure, which will be taken into consideration.

#### **Reserve Accounts**

Agency reserve accounts (537xxx) should be distributed unless those funds are reverting or being carried forward.

#### **NCAS Account Titles**

Agencies and universities should review and correct any missing or incorrect NCAS account titles.

#### **Reconciliation of Salary Reserve**

Salary reserve balances at the fund/account level within a budget code cannot be negative at the end of the fiscal year. Appropriate budget revisions and/or personnel actions must be prepared to realign the salary reserve prior to closeout. For all agencies on BEACON, please use the IBIS Salary Control Function to review reserve balances and FTE counts (not applicable to universities).

#### **Cash Balances**

The BD 701 monthly budget reports for all special funds for June 2021 cannot contain any negative cash balances at the fund/center level.

#### **Departmental Receipts and Federal Funds**

Agencies and universities are responsible for monitoring and budgeting over-realized receipts prior to expenditure. Agencies must complete a year-end reconciliation of receipt-supported expenditures and the related collection of receipts to ensure these are in balance. To the extent the agency has deposited excess federal receipts in the General Fund, they must be returned to the 3XXXX federal budget code. Similarly, the agency should make every effort to collect all earned receipts within the 2020-21 fiscal period.

#### **Reconciliation of Allotments**

Agencies and universities must verify that quarterly allotments approved in IBIS reconcile with the NCAS BD 702 report and that expenditures do not exceed allotted funds.

#### **Capital Improvement Allotments and Reports**

Chief fiscal officers are to review all capital improvement budget codes and close all completed capital projects. Requests to close capital budget codes must be submitted to OSBM by **May 28, 2021**. A detailed job aid has been developed to assist you and your staff in closing out capital budget codes. Please refer to the [Hyperlink - Capital Budget Code Closure Job Aid](#) to provide step-by-step guidance to close out capital budget codes.

All capital allotment requests for the month of June must be submitted to OSBM before **June 4, 2021**. Please note that the last COPs requisition also must be completed by **June 11, 2021**.

Capital Improvement budget reports must be certified by **June 18, 2021**, which is unique from the deadline for certifying budget reports covering current operations.

**General Fund, Highway Fund, Highway Trust Fund & Special Fund Monthly Reports** OSBM no longer requires two copies of final BD701 budget reports for June to be submitted to your OSBM analyst.

**Allotments for the First Quarter 2021-22**

If the 2021-23 budget (Current Operations Appropriations Act) is not enacted by the General Assembly by July 1, 2021, first quarter allotments will be estimated using the BD 307 Certified Budget for FY 2020-21. Allotments are subject to adjustment by OSBM in the event the General Assembly later passes the Current Operations Appropriations Act.

**Job Aids**

The [Hyperlink – Operating Budget Closeout Job Aid](#) and others linked above have been developed to assist you and your staff in completing the budget closeout review process. Please refer to these attached resources, which provide step-by-step guidance. If, after consulting these resources, you have questions about these procedures, please contact your OSBM budget analyst.

Thank you for your attention to these guidelines as you continue to serve the citizens of North Carolina as excellent stewards of taxpayer dollars.



**STATE OF NORTH CAROLINA  
CERTIFICATION  
2020-21 Fiscal Year-End Budget Reports  
AGENCY / DIVISION / UNIVERSITY NAME:**

This certification checklist should be completed and provided to your OSBM Analyst at the time of pre-certification of budget reports with the Office of the State Controller at the end of each fiscal year.

**BUDGET REPORT REVIEW CHECKLIST**

*Note: Please attach documentation of OSBM approved exceptions, if applicable.*

**BD 701 Report**

- ☐ Certified and authorized budgets reconcile between NCAS and IBIS at the four-digit account level (ex. 53 2100)
- ☐ No negative certified or authorized budgets at the four-digit NCAS account level
- ☐ No over-expended funds/centers
- ☐ No over-expended accounts: 4-digit level for 531X, 536X, 537X, 538X; 2-digit level for 532X-535X  
Universities: No over-expended accounts at UNC pooled account level.
- ☐ Reserve accounts (53 71xx) are distributed (unless reverting or carried forward)
- ☐ No missing or incorrect account titles in NCAS
- ☐ Over-realized receipts were budgeted and approved by OSBM prior to expenditure of receipts
- ☐ No negative salary reserve balances at the fund/center and account level (n/a to universities)
- ☐ No negative cash balances in special funds
- ☐ Federal Funds: Receipt-supported expenditures and related receipts reconcile
- ☐ Federal Funds: Excess receipts in the General Fund are returned to 3XXXX federal budget code
- ☐ Carryforward is correctly recorded in NCAS and IBIS
- ☐ UNC Only: No appropriation in 1102 Summer School or 1103 Non-Credit Instruction unless approved by OSBM

**BD 702 Report**

- ☐ Quarterly allotment totals reconcile between NCAS and IBIS
- ☐ Quarter-to-date requirements and appropriation do not exceed quarterly allotment
- ☐ Allotted and year-to-date actuals reconcile indicating proper non-cash reversions

I certify that the BD 701 & 702 Budget Reports are complete, accurate, and comply with OSBM's guidance.

\_\_\_\_\_  
Signature (Budget Director or CFO)

\_\_\_\_\_  
Date

If any requirements outlined above are not checked, please explain to your OSBM Analyst why the step was not completed via a memorandum or email.