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**INTEROFFICE MEMORANDUM**

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JOHN ELIAS BALDACCI, GOVERNOR

REBECCA WYKE, COMMISSIONER

**STATE OF MAINE OFFICE OF THE STATE CONTROLLER**

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**TO: ALL DEPARTMENTS AND AGENCIES**

**FROM: EDWARD A. KARASS, STATE CONTROLLER**  
**ELLEN SCHNIEDER, STATE BUDGET OFFICER**  
**BETTY M. LAMOREAU, STATE PURCHASING AGENT**  
**RICHARD THOMPSON, CHIEF INFORMATION OFFICER**

**SUBJECT: FISCAL YEAR 2008 YEAR END GUIDELINES**

**DATE: MAY 13, 2008**

**CC: REBECCA WYKE, COMMISSIONER**  
**JOHN BALDACCI, GOVERNOR**  
**COMMITTEE ON APPROPRIATIONS & FINANCIAL AFFAIRS**

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As this fiscal year is drawing to a close, the State Controller, State Budget Officer, the Director of Purchases, and the Chief Information Officer are jointly providing departments and agencies with guidelines related to expending money for the purchase of goods and services at year end. These guidelines are intended to apply to all funding sources. All requests for purchases and requests for contract or amendment approvals must be essential to meet the State's immediate needs.

**Procurement of Capital Items:**

The purchase and related encumbrances of funds for capital items will only be processed in the fourth quarter where the test of essentiality is met. Agencies must scrutinize these purchases carefully before submitting purchase requests.

**Procurement of All Other Items:**

Encumbrance of purchase orders and delivery orders will be limited only to purchases that are immediately necessary. Agencies must scrutinize these

requests for purchase carefully and, where possible, postpone the purchase to FY09. Non-emergency purchases requested after June 20 will not be processed in FY08.

The Division of Purchases will process non-emergency requisitions in FY08 if the RQS is received in Purchases by Friday, June 13. Non-emergency requests received after this date will be FY09 transactions..

### **Contracts and Grants for Services:**

FY08 contracts encumbered with supplemental budget funds must be submitted by the end of the day on Tuesday, July 1. All contracts must be received by the Division of Purchases in hard copy and all Advantage agency approvals completed by the July 1 deadline.

Agreements utilizing 2008 supplemental budget funds must be annotated with "FY08 Funds" on the cover page, as these will be processed as priority.

As we move forward with end of year activities, it is incumbent upon each Agency to verify that all agreements are correctly staged with the correct event type(s). For instance, an encumbered agreement spanning two fiscal years would be coded with event type PR05 for the current fiscal year and with event type PR08 **plus** Budget Fiscal Year 2009 for the next fiscal year.

### **Prepayments for Goods and Services:**

Prepayments for services or goods will not be permitted at year end. In accordance with Title 5, section 1552, all payments must be made from proper invoices for services rendered. As such, the practice of overpaying or prepaying any of the various Internal Service Funds or outside vendors is not allowed. All payments must be made against invoices for completed services and any payments to the Internal Services Funds or other vendors with the intent of having that fund or vendor hold the payment for future projects or services, once identified, shall be returned to the funding account through Office of the State Controller. If that account is a non-carrying account, the funds shall lapse.

### **Payroll Insufficiencies**

Agencies must ensure that sufficient Personal Services allotment exists to process June payrolls by proactively resolving funding issues with the appropriate Analyst in the Bureau of the Budget in time to process any Budget Orders or Financial orders in advance of the payroll to be paid. These Orders must be posted in Advantage in advance of the payroll payment. All allotment and cash insufficiencies must be resolved before the final payroll of the fiscal year is paid. For the Cycle A payroll, there must be sufficient allotment by the close of

business on June 17<sup>th</sup> and for Cycle B, there must be sufficient Personal Services allotment by the close of business on June 24<sup>th</sup>. Payrolls will be held until there is adequate allotment to cover the cost.

### **Fiscal Year 07 Journal Transfers**

The Controller's Office will begin preparing the journal vouchers to move account balances in accordance with the various laws before the end of May. Due to the supplemental budget, the process of posting the journals is anticipated to be completed by July 3rd with the exception of those transfers that are designated as closing "cascade" transfers. Please ensure that any funds identified to be transferred are available in the accounts by that date. If your agency posted a journal related to a State Controller law reference, please notify Terry Brann in the Office of the State Controller. Please reference the JV number and the date accepted by Advantage.

We have enclosed a calendar showing critical dates for processing various transactions, a Fiscal Year 08 Closing Schedule and Notes, and a form developed by the Director of Purchasing for encumbering contracts. Please refer to these documents for guidance.

State of Maine  
Department of Administrative and Financial Services  
**OFFICE OF THE STATE CONTROLLER**

FISCAL YEAR 2008 CLOSING SCHEDULE AND NOTES

**NOTICE:**

Due to the lateness of the effective date of the supplemental budget for Fiscal Year 2008, there are many changes to the dates and some of the processes that we have gone through in past years. Please pay close attention to dates and times. We will be operating under a very tight end of the year calendar.

**PAYMENT VOUCHERS (GAX'S)**

\*\*\* Must enter Record Date = 06/30/08, FY = 2008, Period = 12 at the header level of all FY08 documents entered in July.

**Over \$5,000.**

Hard copy documentation for these FY 2008 transactions should be received in Pre-Audit, properly coded and approved, no later than 12 noon July 3rd. These documents must be clearly marked "FY 2008".

**\$5,000 and under**

In order to process payments under \$5,000 before the close, documents must be entered and approved by 12 noon on July 3rd.

As part of the standard procedures for processing payment vouchers, original documents supporting payments below the \$5,000 threshold should be submitted for scanning within 15 days of processing. This is also true at year-end. These documents must be clearly marked "FY 2008".

**ENCUMBERED PAYMENTS (PRC'S)**

\*\*\* Must enter Record Date = 06/30/08, FY = 2008, Period = 12 at the header level of all FY08 documents entered in July.

All FY 2008 payments over \$5,000, that reference encumbrances, must be received in Pre-Audit no later than 12 noon on July 3rd. These documents must be clearly marked "FY 2008".

Please note that you will not be able to make FY 2009 payments against old year (FY 2008) encumbrances until after July 8th, except for payments on contracts whose previously curtailed funds have been restored in the supplemental budget. Payments against those encumbrances can be submitted until noon on July 3.

### **ACCRUAL INDICATOR FLAG**

As many of you know based on the training you have received on Advantage, the accrual indicator will no longer exist. The new system will use service dates. Additional information will be provided to agencies in June.

### **PURCHASE REQUISITIONS**

The Division of Purchases will process non-emergency requisitions in FY08 if the hard copy documentation is received in Purchases by Friday, June 13th. All non-emergency encumbrance requests received after this date will be FY09 transactions.

### **CASH RECEIPTS**

The last day to deposit FY 2008 monies at the bank is Monday June 30. The last day to process CR documents in Advantage for FY 2008 deposits is Thursday, July 3<sup>rd</sup>.

### **RECORDS SECTION – SCANNING**

IN ORDER TO ENSURE THAT ALL DOCUMENTS ARE SCANNED, AND TO MINIMIZE THE NUMBER OF EXCEPTIONS ON EDIT REPORTS, IT IS EXTREMELY IMPORTANT THAT AGENCIES SUBMIT ALL PAYMENT VOUCHERS, JOURNAL VOUCHERS, AND CASH RECEIPTS STATEMENTS THAT ARE PROCESSED IN JUNE, TO MAINE REVENUE SERVICES RECORDS SECTION NO LATER THAN JULY 11<sup>TH</sup>. These documents must be clearly marked "FY 2008".

### **PAYROLL INSUFFICIENCIES**

Agencies must ensure that sufficient Personal Services allotment exists to process June payrolls by proactively resolving funding issues with the appropriate Analyst in the Bureau of the Budget. All Personal Services allotment insufficiencies must be resolved before the final payroll of the fiscal year is paid. For the Cycle A payroll, there must be sufficient allotment by the close of business on June 17<sup>th</sup> and for Cycle B, there must be

sufficient Personal Services allotment by the close of business on June 24<sup>th</sup>. Payrolls will be held until there is adequate allotment to cover the cost.

### **PAYROLL ACCRUALS**

Payrolls will be charged to the fiscal year in which the payment is made. If you accrue payroll for Cycle A, please include all working days from June 8<sup>th</sup> through June 30<sup>th</sup>. If you accrue payroll for Cycle B please include all working days from June 15<sup>th</sup> through June 30<sup>th</sup>.

### **FIXED ASSETS**

Fixed asset shells should be cleared out of SUSF before year-end. If any of the shells relate to an item that is not a capital asset, notify the Controller's Office so we can delete the shell.

### **CARRYING ACCOUNTS**

Please provide a list of General Fund and Highway Fund accounts/appropriations that carry by law to the Office of the State Controller and the Division of Purchases no later than Friday, June 6, 2008. This includes any partial account balances that carry by law. You should indicate which law authorizes the appropriation to carry.