




OFFICE OF PLANNING AND BUDGET

Nathan Deal
Governor

Teresa A. MacCartney
Director

March 29, 2018

MEMORANDUM

TO: Agency Heads and Fiscal Officers
FROM: Teresa A. MacCartney 
RE: Fiscal Year 2018 Year End Budget Close Out

As we approach the end of Fiscal Year 2018, OPB will be working closely with agencies and the State Accounting Office (SAO) to make sure that we close the current fiscal year in good financial order. As in prior years, our focus should be on maximizing agency surplus to continue building our Revenue Shortfall Reserve and on minimizing financial-reporting and audit issues.

Waste, Fraud, and Abuse

We are seeing an increase in the number of reported incidences of financial fraud within state agencies. As a state, Georgia has been working diligently on updating and implementing guidance for internal controls for state agencies to help prevent waste, fraud, and abuse. However, as a reminder, it is the responsibility of each agency to govern their own internal control activities and make sure that all staff are familiar with both statewide guidance provided by SAO and the agency's own internal control policies.

As stewards of taxpayer dollars, we are held to a higher standard to ensure that those dollars are used prudently. Preventing fraud is a high priority of Governor Deal. The FY 2019 budget includes additional funding for the Office of the State Inspector General to make sure the state is able to rapidly and vigorously respond to any cases of fraud or abuse. As the stewards of your agency, I encourage you to contact the Office of the State Inspector General with any concerns you may have regarding fraudulent activity so that their team can work with you to appropriately investigate all allegations.

Fiscal Affairs

The Governor has called a meeting of the Fiscal Affairs Subcommittee for Tuesday, June 19 at 9:30 a.m. in Room 341 of the Capitol.

Please review the status of your budgets to determine any need for state funds transfers affecting Fiscal Year 2018 and Fiscal Year 2019. Requests for FY 2018 transfers should be limited to issues unforeseen during

consideration of the Amended Budget and that are necessary in maintaining budgetary compliance at fiscal year-end. FY 2019 transfers should be limited to only those needed to meet expenditure needs prior to the approval of an Amended Fiscal Year 2019 budget. State funds transfers that are not absolutely necessary may be submitted as an Amended Fiscal Year 2019 budget request.

For your convenience, please use the enclosed forms to make your requests. Agencies requiring a transfer to be considered by the Subcommittee must submit their request to their OPB analyst by Friday, May 11.

Year End Expenditures

Agencies should prioritize any planned fourth-quarter expenditures to optimize funds available for surplus at fiscal year-end. Please work closely with your OPB analyst to assess the need for any one-time expenditures on items such as equipment or technology purchases, vehicles, contractual services, capital outlay or other initiatives. One-time expenditures should be limited to essential items only. Funds not needed for essential expenditures should be lapsed at year end.

If your agency wishes to purchase motor vehicles using FY 2018 funds, you must submit your request to Fleet Management at the Department of Administrative Services before close of business on Thursday, June 14.

Purchase Order Review

OPB and the State Accounting Office again will work with agencies to identify purchase orders established prior to FY 2018 with little to no recent activity in order to determine any need to keep certain purchase orders open, or where appropriate, to close remaining purchase orders and remit the funds to Treasury.

Final Amendments

As a reminder to agencies in preparing their final amendments, per joint OPB-SAO policy 02.01.0401, agencies are not required to adjust budgeted federal and other funds to match expenditures at year end. Rather, federal and other funds should match available revenues to meet planned expenditures. Agencies should be cautious in reducing their budgets at year end below available revenues as a post-closing adjustment could result in an unforeseen increase to expenditures that would cause budgetary compliance issues during the audit process. OPB will not authorize changes to final budgets for the Budgetary Compliance Report after Planning and Budget Cloud Services (PBCS) system has closed for the fiscal year.

Spending Order Policy and Surplus Funds

Under joint OPB-SAO policy 4-9-1, agencies must spend retained other-fund revenues in the year in which they are earned. Retained revenues not spent prior to year-end will lapse unless an agency submits a letter to OPB requesting to reserve those funds. Agencies must request to reserve any and all state and other funds that it expects to retain for use in future years.

Funds appropriated in the AFY 2018 appropriations act for specific initiatives should be either fully expensed or encumbered prior to year end. *Agencies should not plan on reserving state funds they were unable to spend or encumber during the fiscal year.*

Any surplus state or other funds not previously reported in the FY 2017 Budgetary Compliance Report should be remitted to Treasury no later than June 30, 2018 using account code 390109, Adjustments to Fund Balance – Early Surplus Returned to OST. If funds are available in your allotment balance account at Treasury, agencies should use the ARIS system and click the “Return of Surplus” button to remit payment. If funds are not available in your allotment account, please contact Lisa Hoover or Donna Bowman at the Office of the State Treasurer, accounting@treasury.ga.gov, to make arrangements to send the funds.

Zero-Based Budgeting

OPB, in conjunction with the House and Senate budget offices, has selected the budgetary programs it will review for FY 2019 as part of the annual ZBB process. Your division director will notify you regarding any programs within your agency that will need review. Formal instructions will be sent at a later date, but agencies are strongly encouraged to begin working with their division director and analyst on an initial review of the selected programs.

SAO Year-End Reporting

One of the critical functions of SAO is the preparation and publication of the State of Georgia’s Comprehensive Annual Financial Report (CAFR). Producing the CAFR on time with a clean opinion plays a crucial role in the State maintaining its AAA bond rating, and cooperation of all State organizations is necessary for SAO to successfully prepare the CAFR. Therefore, the appropriate fiscal staff within your organization must adhere to SAO’s reporting forms timeline and complete the required forms **accurately and completely** during the upcoming year-end financial close process.

Thank you for your continued leadership and commitment to strong fiscal stewardship as we close out the current fiscal year and look forward to Fiscal Year 2019.

TAM/sb

c: Alan Skelton, State Accounting Officer
Steve McCoy, State Treasurer
Shawn Ryan, Commissioner, Department of Administrative Services