

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

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|---------------------|------------------------------|------------------------|--------------|
| SECTION: | IV Encumbrances | EFFECTIVE DATE: | July 1, 1993 |
| SUB-SECTION: | 7 - Carryover of Encumbrance | REVISION DATE: | July 1, 1993 |
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CARRYOVER ENCUMBRANCE PROVISIONS

Purchase orders or encumbrances of funds for "Sundry Vendors", "Misc. Vendors", "Vendors Unknown", etc. are not allowed for carryover. There must be a contract or order with a known vendor/party as of June 10th in order for funds to be carried over to the following fiscal year.

If an agency has a program where a number of payments are made to many payees, a single purchase order or encumbrance may be issued to "Vendors Listed Here-in". If a specific list of payees and a valid obligation exists as of June 10th, 1993 this item may be carried over to FY94.

Agencies that are involved in the bid process where no specific vendor has been selected by June 10th may not encumber current year funds for this purpose.

It is not acceptable to encumber the balance in the appropriation for carryover to the next fiscal year unless a valid obligation to specific vendors exists. For example, GPR appropriations used as matching funds for federal programs may not automatically be carried over to the following fiscal year to match the federal fiscal year.

All blanket orders should be liquidated at fiscal year end. In addition, agencies should consider routinely closing small purchase orders at the end of each fiscal year. These items often result from failure to fully liquidate a purchase order when no remaining obligation exists. Routine closing of these purchase orders eliminates unnecessary encumbrances and the need to evaluate each small dollar purchase order. Additionally, any purchase orders that have had no activity in the past 12 months should be closed at fiscal year end.

Appropriations that have specific statutory authority to carryover funds to the subsequent fiscal year may only do so in accordance with the specific statutory provision.

Funds carried over to a subsequent fiscal year may only be used for the purpose carried over. Balances remaining on prior year purchase orders after liquidation of the actual cost incurred should only be liquidated at the end of the fiscal year and must not be used to cover overdrafts in the current year. These amounts must be lapsed if the appropriation requires lapsing of unused balances.

For personal contractual services, encumbrances can be carried forward if two-thirds of the services (in terms of dollar amounts) are provided by June 10 or if services are entirely completed during the period June through August.

Capital outlay items not received by June 30th will only be carried forward if included in an approved budget but delivery was delayed by the vendor. If not budgeted for this fiscal year, the purchase must be specifically approved and documented by the assigned DOA budget analyst.

Supplies (i.e., stamps, printing, office supplies, etc.) purchased in excess of normal quantities ordered throughout the year must be justified.

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Interagency transactions including General Services billing should be completed and closed in the fiscal year to which they pertain to the maximum extent possible. This is the responsibility of the encumbering agent.

For equipment rentals and lease purchases only the value of services received for the fiscal year can be charged to that year. Anticipation of future years' expense should not be charged to current year appropriations.

For aid to localities, other entities or individuals:

- a. Categorical aids intended to be recurring or paid in a specified year or biennium may not be carried forward unless payment was held for a reason outside the control of the agency.
- b. Reimbursement aids can be carried forward only to the extent necessary to reimburse for goods or services provided by the grantee before June 30, or to fulfill terms of a grant or aid contract that has a defined ending date. Grants may remain open beyond that fiscal year if circumstances (i.e., court proceedings, etc.) outside the agencies control require it. Calendar year contracts will not be carried into the fiscal year after their ending date unless circumstances beyond the agency's control require the encumbrance. (ss. 20.435 (2) contains special provisions for certain DHSS appropriations.)
- c. Construction type aids can be carried forward if an executed contract or award provides a definite ending date to fulfill terms of an agreement.
- d. Unearned funds from such grants shall lapse.

For non-aid contracts with governmental and private organizations:

- a. Funds may be carried forward only to the extent necessary to reimburse for goods or services provided by the contractor before June 30th where an ongoing program or contractor relationship is involved.
- b. Funding may be carried forward for a non-continuing program or contractor relationship to the end of the grant year beyond the fiscal year ending.
- c. Funding for calendar (or other than June 30) contracts will not be carried into the fiscal year after their ending date unless circumstances beyond the agency's control require the encumbrance. (Specific statutory provisions are in effect for certain DHSS appropriations.)
- d. Unearned funds from such contracts shall lapse.
