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Division of Budget and Analysis
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James B. Slate, Jr., Director

October 13, 2010

MEMORANDUM

TO: Division Budget Officers

FROM: Jim Slate, Director *Jim Slate*

SUBJECT: New Quarterly Closeout Requirement

DHHS Controller Laketha M. Miller in her December 30, 2009 memorandum reminded Division Directors and Division Budget Officers that the Office of State Controller (OSC) requires all state agencies to certify financials each month by the 10th working day. The purpose of the memo was to ensure adherence to state policy and allow required Federal reports to be submitted on a timely basis.

As part of the monthly certification process, the offices of State Budget and Management and State Controller are collaborating to include OSBM signoff before closing monthly financial reports at the end of each fiscal quarter. This requirement is effective with monthly reports for September 2010.

OSBM review of reports is to monitor agency budget management practices for all budget codes. Financial reports should reflect accurate budgets for requirements and receipts. Agencies are expected to maintain expenditures within the established authorized budget and to ensure spending is supported from the appropriate amount of receipts and appropriations. Reports should not reflect negative unexpended balances or erroneous negative budgets. Encumbrances should be managed so as to appropriately reflect outstanding obligation of funds. Reports should also reflect spending within approved allotments.

In addition, each month divisions should reconcile budgets in NCAS to OSBM's Budget Revision System (BRS) using the RK325 report. This is necessary to ensure that all approved budgets have been properly interfaced to the state's financial system.

In conversations with the Office of State Budget and Management, the need for a renewed emphasis on budget management has been expressed. While the new procedure is effective with September reports, OSBM has agreed to allow DHHS time to address budget management concerns and will not delay closing of the September reports. However, we have committed that OSBM will see progress in the budget reports and DHHS will be prepared to close December with financial records that reflect appropriate budget management measures are in place.

Divisions are reminded that this new requirement for OSBM sign off of monthly financial closeout applies only to the last month of the quarter. Much like the year end closeout process, divisions should be reviewing reports and clearing up negative balances routinely on a monthly basis and in order to meet the quarterly closeout deadline.

If you have questions, please contact your respective analyst in our office.

cc: Laketha M. Miller
Division Directors