Preparing to Close the Fiscal Year

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John Verwiel, Deputy Director of Finance

Kari Points, AO-Research, Iowa City VAMC

Jason Berlow, Management Analyst, Finance

Antonio Laracuente, Director, Field Operations

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Objectives – for today's training

Training Section:	By the end of this section, you will:
Section 1: Discuss Closing the Year for appropriated funds	• Be aware of key considerations for Prior-Year and Current-Year funds • Understand the how, what and why of 4% • Follow-up from Q3 RAFT Report
Section 2: How to look at SOA: Activities to support 4% target	• Know how to setup Spreadsheet to track all expenses to see progress towards 4% carryover
Section 3: Discuss Closing the Year for reimbursable funds	• Understand why you must close the loop
Q&A	

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Section 1: FY 2022: Closing the Fiscal Year (Appropriated Funds)

Research Appropriations	Key Activities
Prior Year (0161A1 21-22)	• VACO is working with field to monitor balances in the Status of Allowance to ensure that any remaining balances or unobligated funding is addressed prior to 9/30. • As previously communicated, the expectation is that the field will obligate all prior year funding by **Monday, August 1st** (excluding activities at RPO East).
Current Year (0161A1 22-23)	• All Research Stations have a target not to exceed 4% carryover. • To meet this target, stations needs to execute 1358s, contracts, purchase card orders, and expense transfers as soon as possible. • ORD will closely monitor execution and stations progress to meeting this target by Oct 1st. • ORD will be working closely with Services and Stations to pull funds back (as required). • Stations that do not meet the 4% target will be required to report on carryover funding status through the first quarter of FY 23 (like FY 22)

- All Prior Year Appropriation balances (21/22) must be **$0** and **funding must be obligated by 9/30/22** to avoid the funds expiring.

- Do not leave this until the last minute, Funds that expire are frowned upon by Congress.

- As previously communicated, **unobligated funds** that do not have an execution plan, will be **pulled back by end of July** (excluding amounts that are currently pending obligation at RPO)
  - If you have remaining funds that cannot be obligated, please make us aware!

- When funds are de-obligated (due to adjustments), complete expense transfers to quickly zero out any remaining balances.

- If your station has **credit card orders** (that used 0161A1 21/22 funds) that cannot be reconciled by August 1, take actions to **close these transactions and move the transaction to current year** (0161A1 22-23).

- Run daily Status of Funds to **track Prior Year execution daily** ([Monthly Training Series: Using VSSC and reading the Status of Allowance (SOA) (va.gov)](#)).

- We will flag stations that continue to carry large prior year balances.

For FY 2022, stations are expected to conduct the following activities to minimize carryover into FY 23:

➢ All Research Stations have a **target not to exceed 4% carryover**, due to the risk of Congressional Recissions (that occurred in FY 20 and FY 21). Congress views an unobligated balance as available funding for re-appropriation outside of the VA. Past recissions have had negative consequences on the field because we were required to pull these funds back from stations that had prior plans for this funding. **Always, consider funding as one-yea**r.

➢ To meet this **4%** target, stations need to **execute 1358s, contracts, purchase card orders, and expense transfers** as soon as possible or return funds when applicable.

➢ In August and September, ORD will closely monitor execution and station progress to meeting this target.

➢ Stations lagging in execution will be contacted to expand on any plans that were developed as part of the RAFT Execution Report.

➢ Run daily Status of Funds to track Current Year execution starting September 1 (see training link from previous slide).

➢ Work actively with contracting to obligate/finalize contracting activities.

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Section 1: Follow-up from Q3 RAFT Report

- Stations did excellent in reporting Q3 Expenditures.

- The Q3 RAFT report was pivotal, since it provided you a good idea of projects that are not spending. Projects **with less than 60% expenditures are at risk**.

- Work with your investigators (now) to spend Current Year funds and be proactive in planning for the remainder of the 4th quarter.

- The Office of Finance has provided data by Service ID and Site to each ORD Services to review. The Programs/Services and Field sites can utilize the information to review **under-executing** projects and work with their assigned budget analyst to determine if funds need pull-back and/or reprogramming.

- Research Offices are encouraged to look at the bottom line to see if the overall allocation will exceed 4%.
    - When the total exceeds 4% you will need to delve down to the project level and see which projects need assistance.

- Work your way from **Total Allocation to Program to Individual projects:**
    - **Example 1**: Appropriation is at 8%, program 81 and 82 are at 2%, program 84 is at 10% and program 85 is at 5%. Focus first on program 84 to see where the problem may be.
    - **Example 2**: Appropriation is at 3%, program 81 and 82 are at 1%, program 84 at 2% and program 85 is at 7%. While you are not in danger you should look at projects in Program 85 to see where there may be continual problems.

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- Recommend starting an excel sheet to calculate 4% carry-over no later than 8/15/22. It should be updated every couple days as you get closer to the end of the fiscal year.

- The excel sheet example in this presentation is done for the overall program. You can also do this for each individual Program (81, 82, 84, 85, 86) and roll the data up to the overall program.

- First step is to calculate 4% target.

0161A1 FY 22/23 Total from SOA		14,304,810
	4%	572,192

Section 2: Salaries

- For Salaries, you will need to project Pay Periods 17, 18, and 19.

- The accruals for this year is factored at .5 for the PP20 split (5/10 working days will hit this fiscal year).

Salaries		
FMS Budget	5,338,531	
FMS Obligated as of 8/15	-4,280,216	
PP 17	-248,006	
PP 18	-248,006	As each PP hits, you remove that line item and update the obligated column with the new obligated balance.
PP 19	-248,006	
Accruals (.5)	-124,003	
Remaining	**190,295**	

Committed but not Obligated items will count towards your 4%. Committed items include:

- **Credit Card charges not reconciled:** It is a best practice to stop all credit card charges at the end of August. Notify PI's well in advance of this deadline. This allows you the month of September to receive orders in and reconcile as much as possible. This will reduce the amount of credit card orders that have been carried into FY23. Once FY23 starts, you will only want to use FY23/24 funds for credit card orders. **No prior year funds should be used for credit card charges.**

- **1358's (IPAs)** that have been sent to Fiscal but not obligated by your Fiscal Office.

- **2237's (Contracts)** that have been sent to Contracting but have not been awarded.

Section 2: All Other

All Other Current Status			All Other With Pending Obligations		
FMS Budget	8,966,279		FMS Budget	8,966,279	
FMS Obligated as of 8/15	-6,752,745		FMS Obligated as of 8/15	-6,752,745	
Remaining	2,213,534		Pending Credit Card	-66,392	*These items are
			Pending Contracts	-1,156,218	Committed and
			4th Qtr IPAs to be Obligated	-698,254	NOT Obligated.
			Remaining	292,670	

- The All-Other Current Status column shows the funds remaining if no other obligations were to be completed. The All-Other With Pending Obligations column shows the amount remaining if all pending/committed items would be obligated.

- These numbers will change as purchase cards are reconciled, contracts are awarded/obligated and 1358's are completed for IPAs. Obligated items will move over to the Current Status column as this occurs. Any contracts that are not completed by contracting, IPA's that are not obligated by Fiscal and any credit cards that are not reconciled will remain in pending (committed but not obligated) and WILL count toward your 4%.

*Note: An invoice does not need to be submitted in IPPS for an item to be obligated. Once Fiscal has obligated the 1358 or 2237, it moves to the obligated column of the SOA and is no longer pending and will not count toward your 4%.

Section 2: Projecting carryover Percentage

Current % Status			% With Pending Obligations	
Salary Remaining	190,295		Salary Remaining	190,295
All Other Remaining	2,213,534		All Other Remaining	292,670
Total Remaining	2,403,829		Total Remaining	482,965
% if no other items are obligated	16.8%		% if everything was to be completed	3.38%

- This slide shows how you combine the salary and all other remaining to determine your percentage.

- The allocated amount for this facility was: $14,304,810. The total remaining divided into the allocated amount gives the current percentage.

- Therefore, it is important to work with Fiscal, Contracting, and Purchase Card agents to ensure that 1358s and 2237s are obligated and credit card purchases are reconciled. Just because an item is entered, it does not mean it is complete. In the above example, if nothing else is completed, the facility will be at 16.8%.

Section 2: Spreadsheet with All Items

End of Year Plan				All Other Current Status			All Other With Pending Obligations		
0161A1 FY 22/23 Total from SOA			14,304,810						
	4%		572,192						
Salaries				All Other Current Status			All Other With Pending Obligations		
FMS Budget	5,338,531			FMS Budget	8,966,279		FMS Budget	8,966,279	
FMS Obligated as of 8/15	-4,280,216			FMS Obligated as of 8/15	-6,752,745		FMS Obligated as of 8/15	-6,752,745	
PP 17		-248,006	As each PP hits, you	Remaining	2,213,534		Pending Credit Card	-66,392	
PP 18		-248,006	remove that line item				Pending Contracts	-1,156,218	These items are Committed and
PP 19		-248,006	and update the				4th Qtr IPAs to be Obligated	-698,254	NOT Obligated.
Accruals (.5)		-124,003	obligated column with the new				Remaining	292,670	
Remaining		190,295	obligated balance.						
				Current % Status			% With Pending Obligations		
				Salary Remaining	190,295		Salary Remaining	190,295	
				All Other Remaining	2,213,534		All Other Remaining	292,670	
				Total Remaining	2,403,829		Total Remaining	482,965	
				% if no other items are obligated	16.80%		% if everything was to be completed	3.38%	

*Note: These numbers will change as purchase cards are reconciled, contracts are awarded/obligated and 1358's are completed for IPAs. Obligated items will move over to the Current Status of your % column as this occurs. Any contracts that are not completed by contracting, IPA's that are not obligated by Fiscal and any credit cards that are not reconciled will remain in pending (committed but not obligated) and WILL count toward your 4%.

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- **Following are different options to obtain credit card open orders**:

  ➢ Fiscal Office can provide the accrual reports for open credit card orders.

  ➢ You can pull the Running Balance report in VISTA to determine what orders are open. Any orders with a "@" next to the order are open.

  ➢ If you have the unreconciled menu by cardholder menu in VISTA, you can pull the open orders for each cardholder.

  ➢ Ask your cardholder(s) and work with them to see what can be reconciled.

*Note: If there are items backordered or expected shipping date is after October 1st, you may want to consider canceling those orders and reordering in FY23/24. If expected ship date is after January 1, 2023, you do want to cancel the order and reorder in FY23/24 as this will impact your ability to spend prior year dollars by January 1st.

Section 3: Managing Reimbursable Funding

Research Appropriations	Key Activities
No-Year (0161X2)	• Continue to obligate funding that is unobligated. The no-year fund is intended to reimburse VA Research from the NPCs, thus it's critical to obligate these balances quicky after they are earned.
Prior Year (0161R1 21-22)	• Run daily Status of Funds to track Prior Year 0161R1 available funds are obligated starting on August 1 (Please June Monthly training that provided instructions on how to use VSSC). • Run CALT tables (weekly through August; daily in September) to ensure all Reimbursable advances have been earned. • We will send the R report from Raju Rama so you can see the status of reimbursables.
Current Year (0161 22-23)	• Run daily Status of Funds to track Prior Year 0161R1 available funds are obligated starting on August 1 (Please June Monthly training that provided instructions on how to use VSSC). • Run CALT tables (weekly through August; daily in September) to ensure all Reimbursable advances have been earned.

Section 3: Biggest Issue with Reimbursables

- Stations are not closing the loop
  - Reimbursables are meant to offset expenditures made in the 0161A appropriation (be careful though as this will increase balances in 0161A1).
  - Stations are billing and receiving the TDAs but are not cost transferring the expense from the 0161A to 0161R1 or X2.

- Problem is cumulative as you do not close the loop, the balances grow and Fiscal will offset expenditures in previous years per the bill, thus making Research lose buying power.

  - **Example**: Bill was made, paid and TDA received June 2021 in X2. Cost incurred in 20/21 funds. Cost transfer is now done from 20/21 to X2, those funds in A1 are not accessible for use. Closing the loop took too long.

- **Work with Fiscal to cost transfer to 22/23 to reduce R1 balance to "0".**

Considerations for Next Fiscal Year

- Do not do credit cards orders with PY funds.

- Do not do contracts or purchases with PY funds (except ShEEP and LaMB).

- Cost transfer or obligate 1358s.

- Meet early with your investigators.

Summary

- Spend down PY funds now – do not let funds lapse.
- Get to 4% overall in the 22/23 funds.
  - It is okay to return funds.
- Close the loop on reimbursables.
- Work with Budget office to execute transactions.
- Contact ORD Finance early in August for assistance.
- Monthly Training: August 25th
  - Finance Monthly Training Series: Research Admin 101

Questions

Useful Resources

- [Past ORD Finance Training (sharepoint.com)](sharepoint.com)