

## Statewide Operating Procedure

Owner: Minnesota Management and Budget, Accounting Services

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### Reinstating Encumbrances after Close of the Fiscal Year

#### Objective

To provide guidance and promote consistency on requests to re-establish prior year encumbrances after the hard close of the fiscal year. [Minnesota Statutes, Section 16A.28, Subdivision 4](#), allows appropriations to be reinstated and encumbrances modified up to three months after an appropriation lapse with the approval of Minnesota Management and Budget.

#### General Procedures

Step	Action	Responsible Party
1.	Verify the appropriation lapsed or cancelled within the last three months. After three months, agencies must charge the obligation against the current year's appropriation.	Agency Financial Management staff
2.	Initiate a request to open a closed year appropriation or reinstate cancelled money by completing the Request to Open Closed Year Appropriation and/or Reinstatement Canceled Appropriations form (702-01.1F). The form must explain and document why a prior year appropriation or encumbrance needs to be reinstated, and: <ol style="list-style-type: none"> <li>a. whether the goods and services were rendered before legal authority for the funding lapsed;</li> <li>b. the legal authority to spend money for the period in question;</li> <li>c. whether the funding needs to be reinstated from a cancellation;</li> <li>d. the types of goods or services involved and the corresponding account codes for the purchase;</li> <li>e. the nature of the error(s) made and supporting documentation;</li> <li>f. what steps are in place to avoid future error;</li> <li>g. the Appropriation Maintenance Application (AMA) transaction number.</li> </ol>	Agency Financial Management staff

Step	Action	Responsible Party
3.	Obtain encumbrance/cancellation documentation from SWIFT or other evidence to include with the Request Form.	Agency Financial Management staff
4.	Obtain agency head or CFO approval by signature on Agency Certification section of the Request Form to certify: <ul style="list-style-type: none"> <li>a. agency head or CFO approval of the request for reinstatement submitted to MMB;</li> <li>b. services, materials, or supplies to be paid for with the funds were furnished in good faith, without collusions, without intent to defraud;</li> <li>c. reinstated funds will be spent on the original purpose of the encumbrance.</li> </ul>	Agency Head or CFO
5.	Enter a transaction in the Appropriation Maintenance Application (AMA) to modify the appropriation budget status from "H" – Hold to "O" -- Open.	Agency Financial Management staff
6.	Enter the AMA transaction number on the Request Form (0702-01.1F).	Agency Financial Management staff
7.	Submit the completed Request Form and any additional documentation to the agency assigned Executive Budget Officer (EBO) at Minnesota Management and Budget (MMB) via e-mail for review.	Agency Financial Management staff
8.	Review the Request to Open Closed Year Appropriation and/or Reinstated Cancelled Money. Request additional information from agency as necessary.	MMB EBO
9.	Approve or deny the request. <ul style="list-style-type: none"> <li>a. If request is approved, <ul style="list-style-type: none"> <li>1) sign the Executive Budget Officer Approval field on Request Form</li> <li>2) approve the appropriation status change AMA transaction</li> <li>3) Email signed Request Form to MMB SWIFT Module Support.</li> </ul> </li> <li>b. If request is denied, notify the agency and explain the reason for the denial and instruct the agency to pay the amounts due from current year funds. <ul style="list-style-type: none"> <li>1) Sign the Request Denied field on the Request form and state the reason for denial</li> <li>2) Deny the status change AMA transaction in AMA with the reason for denial.</li> </ul> </li> </ul>	MMB EBO

Step	Action	Responsible Party
10.	Review and approve the Request by signing the Request to Open Closed Year Appropriation and/or Reinstate Cancelled Money Form and approving the AMA appropriation status change	MMB SWIFT Module Support
11.	Notify the Agency to make the approved changes.  Note: Every state payday Friday, the SWIFT prior year close process runs, which automatically puts the appropriation status back to Hold and cancels or rolls forward balances based on the appropriation type.	MMB SWIFT Module Support
12.	Open Purchase Order (PO) and/or authorized SWIFT transaction and enter an AMA transaction to change the appropriation budget status from Open back to Hold.	Agency Financial Management staff
13.	Approve the AMA transaction to place the appropriation back on Hold to prohibit any additional changes from being made in SWIFT.	MMB EBO and SWIFT Module Support

## Related Forms

[MMB Statewide Operating Form 0702-01.1F Request to Open Closed Year Appropriation and /or Reinstate Cancelled Money](http://mn.gov/mmb-stat/documents/accounting/forms/0702-01-01f-request-to-open-closed-year-form.pdf) (http://mn.gov/mmb-stat/documents/accounting/forms/0702-01-01f-request-to-open-closed-year-form.pdf)

## Related Policies and Procedures

[MMB Statewide Operating Policy 0702-01 Reinstating Encumbrances after Close of the Fiscal Year](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-7/0702-01-01-reinstating-encumbrance-procedure.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-7/0702-01-01-reinstating-encumbrance-procedure.pdf)

[Appropriation Maintenance Application \(AMA\) User Guide](https://mn.gov/mmb-stat/documents/budget/budget-systems/ama/ama-user-guide.pdf) (https://mn.gov/mmb-stat/documents/budget/budget-systems/ama/ama-user-guide.pdf)

[Appropriation Maintenance Application \(AMA\) Glossary](https://mn.gov/mmb-stat/documents/budget/budget-systems/ama/ama-glossary.pdf) (https://mn.gov/mmb-stat/documents/budget/budget-systems/ama/ama-glossary.pdf)