

## QUICK REFERENCE GUIDE

November 1, 2019

### Budget Overview

The Commitment Control module in SWIFT is used to create transactions used in the budgeting process, including budget journals and budget transfers.

- Budget journals are used to create expense budgets and revenue budgets which are needed before your agency can spend or receive money.
- Budget transfers are used to transfer funds between appropriations, and they are used to roll forward (or back) funds from one budget period to another budget period for the same appropriation.

Before entering budget transactions, it is helpful to understand some key budget processes, concepts and terms which are summarized in this overview.

### Budget Process

A high level overview of the budgeting process is outlined below.

Step	Description
1.	Agencies draft biennial budgets and the Governor's Biennial Budget Recommendations are submitted to the legislature in odd numbered years. Supplemental and capital budgets are submitted in even numbered years.
2.	The legislature allocates dollars in the appropriation bills.
3.	Bills are signed by the Governor and become law.
4.	Agencies prepare an annual Spend Plan which includes both an income and a spending plan. Income plans show how much revenue the agency plans to receive each year. Spending plans show the planned expenditures for each year.
5.	Agencies request appropriations in the Appropriation Maintenance Application (AMA) application (at: <a href="https://mn.gov/mmb/budget/statewide-budget-systems/ama/">https://mn.gov/mmb/budget/statewide-budget-systems/ama/</a> ). Executive Budget Officers (EBOs) approve and MMB SWIFT Module Support enter the appropriations into SWIFT.
6.	Agencies enter expense budgets, and revenue budgets for dedicated and non-dedicated receipts. Agencies also enter anticipated and actual budget transfers when authorized by legislation or policy.

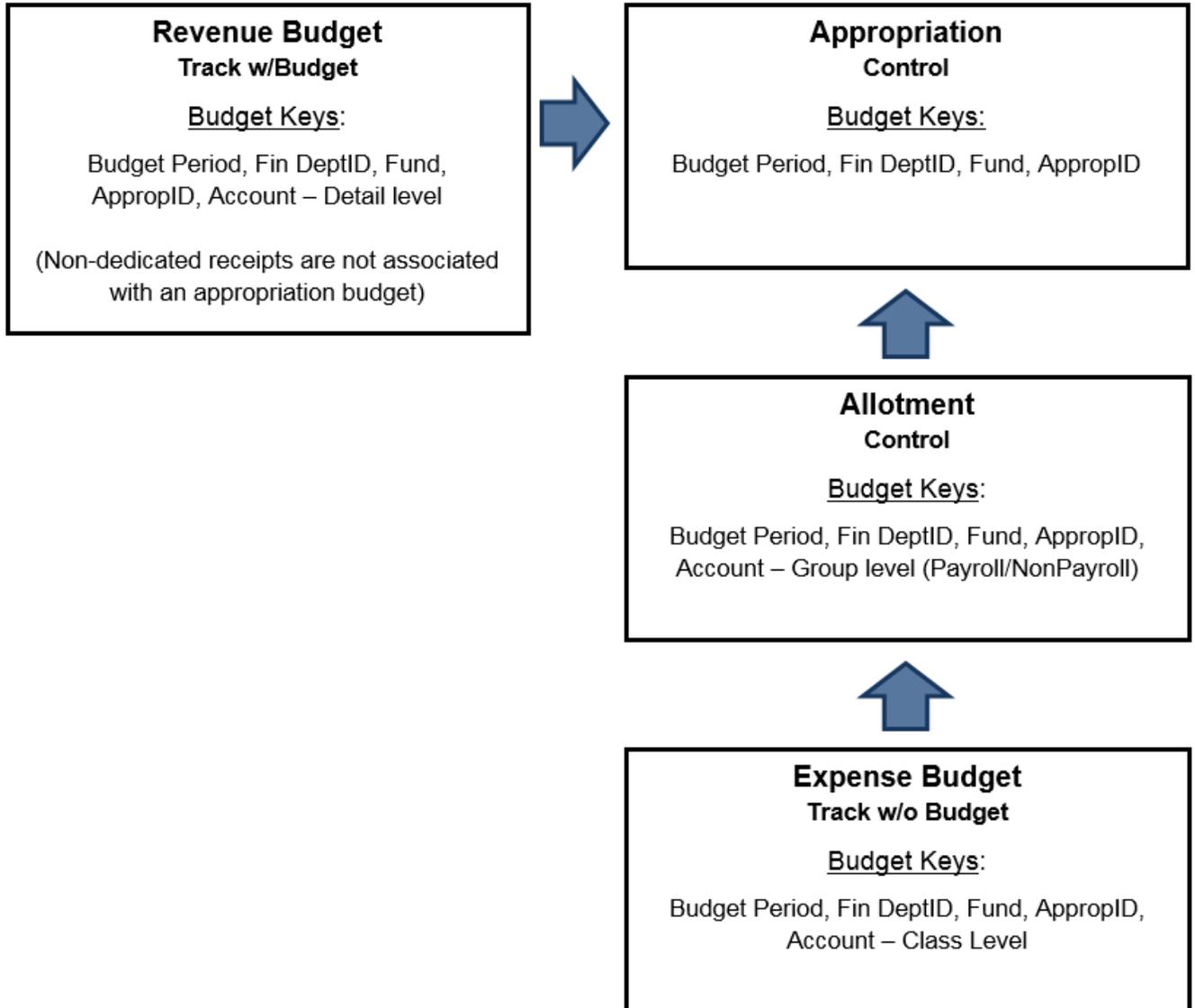
## Budget Structure

The budgetary structure is made up of appropriations, allotments, expense budgets, and revenue budgets described as follows:

Budget Structure	Description
<b>Appropriations</b>	<p>Appropriations are the dollar amounts allocated by law or statute for a specific purpose.</p> <ul style="list-style-type: none"> <li>• Appropriations are generally broken down into one or more allotments that are in turn broken down into one or more specific expense budget lines.</li> <li>• Spending is controlled at the appropriation level.</li> <li>• Direct appropriations are established by statute or law. Dedicated appropriations are based on receipts.</li> </ul>
<b>Allotments</b>	<p>Allotments are established to break down appropriations into smaller management control units.</p> <ul style="list-style-type: none"> <li>• Allotments establish spending ceilings based on the total amounts entered on the related expense budgets.</li> <li>• Expenditure control is at the account group level: Payroll and Non-Payroll.</li> </ul>
<b>Expense Budgets</b>	<p>Expense Budgets establish the spending side of the budget.</p> <ul style="list-style-type: none"> <li>• Expense budgets are established at the Account Class level.</li> <li>• Amounts entered in the expense budgets determine budget spending limits enforced at the allotment level.</li> <li>• Expense budgets are tracked without a budget. Transactions won't fail at the expense budget level, but will fail if the higher level allotment does not exist.</li> </ul>
<b>Revenue Budgets</b>	<p>Revenue Budgets are established to budget and account for revenues.</p> <ul style="list-style-type: none"> <li>• Each budget line represents a source of revenue.</li> <li>• Revenue budgets are required when agencies collect receipts.</li> <li>• The revenue budget amount does not limit the amount of revenue that can be collected.</li> <li>• Non-dedicated revenues are not associated with an appropriation budget.</li> </ul>

## Budget Structure

(Commitment Control Ledgers)



## ChartFields (Chart of Accounts)

Budget Journal entries create levels of control by use of ChartFields. The Chart of Accounts is comprised of informational fields that provide the basic structure to segregate and categorize transactional and budget data. This creates the basic financial control structure. Each Chart of Account field is called a ChartField. Multiple ChartFields allow for a more detailed level of analysis of accounting information. There are statewide ChartFields which are required on all transactions and there are several ChartFields available for use by agencies. There are also ChartFields that are used for project and grant transactions.

### Statewide and Agency Reporting ChartFields

The table below lists statewide ChartFields which are required on all transactions and ChartFields that are available to use at the agency’s discretion.

Field Name	Length	Required	Statewide Reporting
Fund	4	Yes	Yes
Fin DeptID	8	Yes	Yes
AppropID	7	Yes	Yes
Account	6	Yes	Yes
Statewide Cost	3		Yes
Sub Account	4		
Agency Cost 1	5		
Agency Cost 2	5		

### Project/Grant Reporting ChartFields

The table below lists ChartFields which are required for project and grant transactions and those that may be used at the agency’s discretion. Project coding is entered at the transaction level, such as purchase orders and payments.

Field Name	Length	Required for Projects
PC Business Unit	5	Yes
Project	15	Yes
Activity	5	Yes
Source Type	5	Yes
Category	5	
Sub-Category	5	

## *Budget Key Fields for Budget Journal Entry*

The key fields for entering budget journal transactions include:

- Business Unit
- Budget Period
- Fund
- AppropID
- Fin DeptID
- Account (expense and revenue budgets)

More detail regarding these key fields follows.

### *Business Unit*

Commitment Control shares the business unit configuration with the general ledger. Since the State of Minnesota is one financial reporting entity, all agencies use the “MN001” Business Unit when entering budget journal and budget transfer transactions in the Commitment Control module. Business units in SWIFT modules outside of the general ledger (such as Purchasing or Accounts Payable) generally represent a state agency, such as “G1001” for Minnesota Management & Budget.

### *Budget Period*

Budget Period represents the period that money is legally authorized for spending by the legislature. Budget periods start on July 1st and end on June 30th of each year. For continuing appropriations, it represents the original year of funding. This field is only used in the Commitment Control module.

### *Fund*

Fund is the building block of Government Accounting. Fund assures that dollars are used to meet specific activities in accordance with legislative intent, special regulations, restrictions, limitations. All accounting transactions must have a valid fund. The field length is 4 digits.

Types of funds include:

<b>Fund Types</b>	<b>Description</b>
Governmental	General, Special Revenue, Capital Projects, Debt Service, Permanent
Proprietary	Enterprise, Internal Service
Fiduciary	Trust and Agency Funds held in Trustee Capacity

## Fin DeptID

The Fin DeptID defines the organizational structure of an agency. These values are not the same as the Department values in SEMA4. Agencies request new Fin DeptID's and changes to existing Fin DeptID's by submitting the Fin DeptID Template located on the SWIFT Forms page of the MMB website (<http://www.mn.gov/mmb/accounting/swift/forms/>). Agencies can assign attributes to Fin DeptID's, such as Management Activities or Divisions to further enhance reporting capabilities.

The Fin DeptID is 8 characters and has the following naming convention:

Character(s)	Description
1 thru 3	Agency Code. The first three characters are the agency code, such as "G10" for Minnesota Management & Budget.
4	Budget Level Identifier. The fourth character identifies the Budget level: "0" Agency "1" Appropriation "2" Allotment "3" Expense budget "4" Optional transaction "8" Revenue only "9" Reporting
5 - 8	Agency discretion. Characters 5 through 8 are assigned at the agency's discretion.

The Fin DeptID values are represented on hierarchical trees that are used when transactions are budget checked. Graphical illustrations of the Expense and Revenue hierarchical trees can be viewed in SWIFT. (**Navigation:** Accounting, Commitment Control, KK Process, left-menu, Tree Viewer, and search for "KK\_DEPTID").



## *AppropID*

The Appropriation ID (AppropID) is unique for every appropriation budget in SWIFT. AppropID must be unique by Fund, Fin DeptID, Budget Program and Budget Activity. The AppropID is 7 characters with the following naming convention:

Character(s)	Description
1 thru 3	Agency Code. The first three characters are the agency code, such as "G10" for Minnesota Management & Budget.
4 thru 7	Agency discretion. Characters 4 through 7 are assigned at the agency's discretion.

Agencies request appropriations by making entries in the Appropriation Maintenance Application (AMA). Refer to the AMA web page: <https://mn.gov/mmb/budget/statewide-budget-systems/appropriation-maintenance-application.jsp>.

## *Appropriation Attributes*

Several attributes are assigned to each AppropID, including:

- Alternate End Date (Alt Date)
- Appropriation Types
- Bill Area
- Budget Authority Option
- Budget Program
- Budget Activity
- Dedicated Receipt Cap Indicator
- Direct Appropriated Dedicated Revenue
- Fund Balance Classification
- Legal Citations
- LLBC Code (Legal Level of Budgetary Control)

Refer to the [AMA Glossary](#) for a detailed description of these fields.

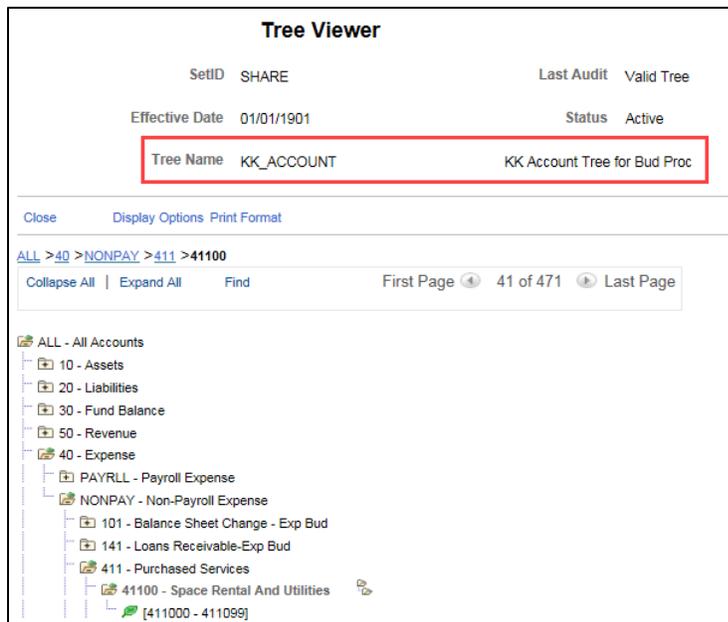
## *Account (dependent on budget level)*

The Account code classifies the nature of the transaction and is a key to Allotments, Expense Budgets and Revenue Budgets. For reporting purposes, account codes are organized in a hierarchy, starting with the Account Type code at the highest level and Account Detail Code at the lowest level. The table below describes this hierarchy.

Account Hierarchy Code	Level	Description
Type	1	Account Type is a 2-digit code representing Asset, Liability, Fund Balance, Expenditure, or Revenue.
Group	2	Account Group indicates whether it is a Payroll or Non-Payroll Expense Account.
Category	3	Account Category is a 3-digit code representing the Category, such as "600" for Departmental Earnings (Revenue) or "410" for Payroll (Expense).
Class	4	Account Class is a 5-digit code representing the Class, such as "51110" – State Grants (Revenue) or "41000" for Full Time – Salary (Expense). Expense budgets are entered at the class level.
Detail	5	Account Detail is a 6-digit code representing the detailed information, such as "511001" for Federal Grants (Revenue) or "410001" Full Time – Salary (Expense). The first character of the code usually represents the type of account: 1 – Asset; 2 – Liability; 3 – Fund Balance; 4 – Expenditure; 5, 6 – Revenue; 9 – Statistical.

- Allotments roll up from expense budgets to the Account Group Level (Payroll or Non Payroll)
- Expense Budgets are entered at the Account Class Level
- Revenue Budgets are entered at the Account Detail Level

The KK\_Account Tree in SWIFT displays a graphical representation of the account hierarchy and levels used when establishing allotment, expense and revenue budgets. (**Navigation:** Accounting, Commitment Control, KK Process, left-menu, Tree Viewer, and search for "KK\_Account").



The table below displays example combinations of key fields, Fin DeptID naming conventions, and account code levels for budget journal entry.

### Budget Example – with Keys & Levels

Level	Budget Period	Fund	Fin DeptID	AppropriID	Account	Amount
<b>Appropriation</b>	2015	2001	G1010000	G101111		100.00
<b>Allotment</b>	2015	2001	G1020000	G101111	Payroll (Group)	50.00
<b>Allotment</b>	2015	2001	G1020000	G101111	Non-Payroll (Group)	50.00
<b>Expense Budget</b>	2015	2001	G1030000	G101111	41000 (Class)	50.00
<b>Expense Budget</b>	2015	2001	G1030000	G101111	41130 (Class)	20.00
<b>Expense Budget</b>	2015	2001	G1030000	G101111	41300 (Class)	30.00
<b>Revenue Budget</b>	2015	2001	G1010000 (or 2, 3, or 8)	G101111	511002 (Detail)	15,000.00

### Create Codes to Simplify ChartField Entry (Optional)

SpeedTypes, Accounting Tags, and Distribution Codes are agency-defined codes that users can select while entering transactions, such as purchase orders, payments, bills and receipts. After the user selects the code, the pre-defined ChartFields are automatically entered. SWIFT modules and interfaces have different names for the codes. For example, SpeedTypes can be used to enter accounting information for direct journal receipts in the Accounts Receivable module, Accounting Tags are used in the Purchasing and Accounts Payable modules, and Distribution Codes are used in the Billing Module. SpeedTypes and Accounting Tags are requested by completing the applicable template available on the [SWIFT Forms](#) page. Distribution codes are used to enter accounting information in the Billing Module

(refer to the Instructions provided in the [Setting Up Distribution and Charge Codes](#) Quick Reference Guide).

## Budget Period versus Accounting Fiscal Year

Budget Period is used to control spending authority as required by law. SWIFT uses the Budget Period or Budget Date fields to distinguish between the Budget Period and the Accounting Fiscal Year. This allows accounting transactions to be posted to a different Accounting Fiscal year and Budget Period. For example, this situation occurs when a purchase order is issued and certified in one Budget Period and is cleared by a payment voucher posted the following accounting fiscal year or when spending against a continuing appropriation takes place in succeeding years. Budget Period is not closed as part of the year-end closing process.

## Basic Budget Functions

The below table describes the basic budgeting functions. You will establish budget lines by entering a unique string of ChartFields in budget journals. You will budget check the budget journals to verify that the accounting distribution of the transaction matches the budget lines. All commitment control ledgers will be updated when budget check is passed. There are set spending limits and the budget check will fail if a transaction exceeds the funds available.

Step #	Budgeting Step	Description
1.	Establish budget lines	Unique strings of ChartFields are entered in budget journals to establish budget lines.
2.	Budget Check transactions	The accounting distribution of the transactions must match established budget lines.
3.	Record Financial activity	Transactions update commitment control ledgers when transactions pass budget check.
4.	Set spending limits	Budget check fails when transactions exceed funds available.

## Appropriation Transfers and Roll Forwards

In addition to the basic budgeting steps described above, you may need to transfer funds from one appropriation to another. Anticipated Budget Transfers are commonly entered prior to July 1 so expense budgets can be set-up and purchasing can begin before the beginning of the new fiscal year. An Anticipated Budget Transfer decreases the Budget/Encumbrance Authority in the “From” appropriation and increases the Budget/Encumbrance Authority in the “To” appropriation. Anticipated Budget Transfers must be approved by your executive budget officer. The Actual Transfer referencing the Anticipated Budget Transfer moves the money and is processed on July 1 or after. You may also need to roll forward (or back) money from one budget period to another for the same appropriation. Budget Transfers are entered to accomplish these functions.

## Agency Responsibilities (Fiscal and Budget)

One of the key characteristics of public sector accounting is the close relationship between budget and operational accounting. A government must not only report the results of accounting operations in

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terms of financial position, but also performance against the officially adopted budget. SWIFT addresses this need by integrating budgetary accounting and budget controls, with financial accounting.

Agencies responsibilities include:

- Comply with laws, policies and procedures
- Establish agency budgeting structure and ChartField structure
- Develop budgets for revenues and expenses
- Regular monitoring of budgets, making adjustments (transfers) as needed

## Annual Budget Instructions

Annual Budget & Accounting Instructions are distributed to agencies and posted on MMB's website at <https://www.mn.gov/mmb/accounting/swift/budg-acct-instr/index.jsp>. The instructions include three documents which provide guidance on establishing and closing budgetary accounts in SWIFT. The instructions describe how agencies should prepare for year-end close and establish budgets for the new fiscal year.

### Document #1

- Typically sent in March
- Review and finalize structure for new year
- Dedicated appropriation and spending plan

### Document #2

- Late May (end of session)
- Direct appropriation and spending plan
- Budget impacts from session

### Document #3

- Mid July
- FY closing preparation
- Final dates for transaction processing
- Open encumbrances
- Outstanding budget issues

The Statewide Operating Policies and Procedures related to establishing budgets are on the [MMB Statewide Financial Policies](#) website and include the [MMB Statewide Operating Policy 0301-01 - Establishing Budgets](#).