



North Carolina Department of Health and Human Services
Office of the Controller

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MEMORANDUM 2010-06

To: Division Directors
Division Budget Officers

From: Laketha M. Miller *Laketha M. Miller*

Subject: Month End Closeout and Federal Reporting Deadlines

The Office of State Controller (OSC) requires all state agencies to certify financials each month by the 10th working day. Due to various reasons, including budget revisions and expenditure reclasses, the Department consistently fails to meet the closeout deadline. Other than missing OSC's deadline, closing late impacts the Department's ability to submit required Federal reports on a timely basis. Until lately, our Federal partners have been gracious about the lateness of reports but now have become more stringent in holding us to the reporting deadlines.

The Federal Funds and Financial Reporting Branch in our office prepares Federal financial reports for the Department. Several reports are late during each reporting period as a result of the delayed certifications. One report prepared by the Branch is the Cash Transaction Report - Federal Financial Report 425 (FFR 425), formerly known as the PSC 272 Report. This report is a recipient reporting record of Federal disbursements. Beginning January 2010, the Office of Management and Budget is mandating that the new FFR 425 report be due 30 days following the end of the quarter. Furthermore, no extensions will be granted. Payment Management System (PMS) accounts will be flagged for delinquent reporting and drawdown privileges will be suspended until the FFR 425 report is completed. Thus, no Federal dollars will be received until the report has been submitted.

To that end, it is crucial that each Division take an active role to ensure that certification deadlines are met. In order to achieve this goal, effective immediately, all reclasses must be submitted to the Controller's Office by the last day of the month. Budget revisions and any other type of adjustments also need to adhere to this cutoff. A concerted effort to monitor financial activity throughout the month and to adhere to the above-mentioned deadlines will ensure that we meet OSC and Federal deadlines.

Thank you in advance for your cooperation. If you have concerns, please feel free to contact me.

Cc: Lanier M. Cansler Allen Feezor Dan Stewart Maria F. Spaulding