



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

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MEMORANDUM #2010-17

TO: Division Directors
Division Budget Officers

FROM: Laketha M. Miller *Laketha M. Miller*

RE: State Fiscal Year End Closeout

DATE: July 2, 2010

As the Department prepares for year-end closing activities, emphasis needs to be given to important items that are time sensitive in nature.

The process for quarterly ARRA reporting remains in effect as per Memorandum 2010-02 dated September 23, 2009. The quarter ending June 30, 2010 cutoff deadline for payments and adjustments to ARRA funds was June 30, 2010. This enables the preparers of the ARRA reports to begin accumulating data on the first day of the month following the end of the quarter in order to meet federal reporting deadlines. The only variation to this rule is for cost allocated expenses. To date, the Department has been successful in meeting federal reporting deadlines so we are confident that the Department will continue to achieve reporting goals.

As you are aware, the Office of the State Controller (OSC) requires state agencies to certify financials each month by the 10th working day. Year-end closeout is no exception although the Department is always challenged to meet this goal. This year-end poses an additional risk in relation to receiving federal funds. Memorandum 2010-06 dated December 30, 2009 outlined a new process for the Cash Transaction Report (FFR 425). Beginning January 2010, the Federal Office of Management and Budget required that states submit the FFR 425 thirty (30) days after the end of the quarter or be faced with the revocation of drawdown privileges.

To that end, all divisions are required to end all financial transactions by COB, Thursday, July 8th or sooner. This includes cost allocation and any after cost entries that need to be recorded. Once all financial entries have been made, the Federal Funds and Financial Reporting Branch in our office will commence with the preparation of the FFR 425.

Failure to adhere to this requirement could result in the Department's ability to draw federal funds on August 1, 2010. If any questions or concerns, please do not hesitate to contact me or Curtis Crouch, Section Chief, Cost Accounting/Financial Reporting, at 919-855-3693.

Cc: Lanier M. Cansler
Mike Watson
Dan Stewart
Maria F. Spaulding