

# **Administrative Policy-Year End Budgetary Authority & Audit-Related Procedures**

## **PURPOSE**

To give the Auditor/Controller authority to exceed department's budget limits, in the event that they have not transferred as required, in the months of June and July and to adopt year end procedures to be followed by all entities governed by the Plumas County Board of Supervisors.

## **BACKGROUND**

Government Accounting Standards Board (GASS), using the GASB 34 model, requires that governmental funds use modified accrual basis of accounting to recognize revenues and expenditures for financial statement purposes (audit), in their financial systems, and to demonstrate fiscal accountability.

The Plumas County Auditor/Controller has elected to set the modified accrual date to include all revenues, for the previous fiscal year, that are received within 31 days of the close of the fiscal year and all expenses, incurred in the previous fiscal year. All of the revenues/expenses that qualify must be recorded in the County's financial system no later than the first week of August so that year end fund balances are available for the audit, budget officer, and to record accurate and timely fund balances (true year end cash amounts).

## **POLICY/PROCEDURE**

### Expenditures/ Accounts Payable

- I. The Auditor/Controller shall have authority to record expenses in the months of June and July in excess of department's budgeted amounts, when necessary and needed in order to process claims for goods/services purchased in the previous fiscal year and required to be recorded in the year in which they are received. **This is for accounting purposes only and not to give the Auditor/Controller budget authority;** Department Heads are still required to obtain, prior to incurring of any and all liability, budget authority.
2. Departments shall code all goods/services to be received in the next fiscal year as "pre-paid" so that the expense can be recorded in the upcoming fiscal year not the current fiscal year.
3. Departments shall remit all invoices for goods/services received by June 30<sup>th</sup> no later than July 25<sup>th</sup>.
4. Departments shall log all goods/services that they receive by June 30th in a manner in which they can track that they: a) have available budget or will transfer in order to have available budget in which to make payment PRIOR to incurring the liability, b) have received an invoice, c) have submitted a claim for payment to the Auditor/Controller by July 25<sup>th</sup>.
5. If departments have not received an invoice for goods/services received in the previous fiscal year they shall contact the vendor and have an invoice faxed to them and the invoice and claim shall be submitted to the Auditor/Controller no later than July 25<sup>th</sup>.
6. If departments do not have available budget, they shall submit a transfer to the Auditor/Controller (after receiving authority from the Budget Officer and/or Board of Supervisors) no later than July 10<sup>th</sup>.
7. The Department Head shall assume full responsibility for exceeding their budget authority.
8. The Auditor/Controller shall submit a report of all budget line items that have been exceed, to the Budget Officer no later than August 10<sup>th</sup>.
9. The Budget Officer shall make recommendation, by line item, to either approve or deny all items within his/her authority no later than August 20<sup>th</sup>.
10. The Auditor/Controller shall take all items denied by the Budget Officer and/or all items outside of his/her transfer authority to the Board of Supervisors for their approval/denial no later than the last Board meeting in September.
11. The Board of Supervisors shall approve the transfers or shall impose government code section 29121 for all denied items and order the Department head to pay for any and all expenditures made without budget authority.

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Revenues/ Accounts Receivable

1. Departments shall identify all monies received in the current fiscal that are specified as the next fiscal year's revenue as deferred revenues and shall include backup to support.
2. All State & Federal monies identified as next year revenue, regardless of the year in which the department had identified it to be used, shall be recorded as deferred revenues. The date identifying the grant year(s) on the Explanation of Benefits or Remittance Advice identifies the year in which the County shall record the revenue.
3. Departments shall be responsible for submitting a log to the Auditor/Controller of all monies owed to the County as of June 30 that have not been received as of July 31<sup>51</sup>; backup (County issued invoice or claim to the State or Federal government or other entity) shall accompany the log.
4. Departments shall clearly identify all revenues received by July 31st. for the previous fiscal year, as prior year revenues by writing the prior fiscal year on the deposit. Revenues received by July 31<sup>51</sup> shall not be included on the Accounts Receivable log (see #3).

The Auditor/Controller shall provide training relating to the year end budgetary and accounting requirements and may elect to have periodic County-wide trainings in-lieu of one-on-one/department-wide trainings.