



FY 2022 YEAR-END MEMO

DATE: July 1, 2022
TO: DO, DAs & DMs
FROM: Karen McLaine
SUBJECT: **Managing Two-year Federal S&E and One-year Trust Overhead Funds that are Subject to Expiration and Cancellation on September 30, 2022**

SI & SAO are concerned about the Federal S&E funds that are returned to the Treasury as a result of commitments not being fulfilled and funds being de-obligated after the funding period has lapsed.

As part of the year-end closing process, FM Dept. will be sending lists of **unliquidated Purchase Orders (PO) -incl. Travel Authorization (TA)- & Requisitions (REQ) for funds that are subject to expiration and cancellation as of September 30, 2022**. Please review your department-specific list and respond by the datelines below.

A. Funds subject to expiration:

- **FY 2021 – Funds 000 and 120** two-year Federal S&E appropriation
 - **FY 2022 – Funds 401 and 411** one-year Central Trust allocation
- Please ensure that all obligations/encumbrances are still required and will -definitely- be vouchered.
- If you identify PO/TA or REQ that are no longer required, please submit a liquidation form as early as possible (see page 2 for links to the forms)

B. Funds subject to cancellation:

- **FY 2016 – Funds 000 and 120** two-year Federal S&E appropriation
 - **FY 2019 – Funds 401 and 411** one-year Central Trust allocation
- Please liquidate any open orders by paying vendor invoices or cancelling the orders (submit liquidation forms) to de-obligate the funds by Monday, Sep 19th.
- Invoices to be paid in FY22 using FY16 funds, must be submitted to the FM Dept. by Monday, Sep 19th to ensure payments are made before the FY16 unspent funds cancel at midnight on Sep 30th (The Final Treasury pay cycle for FY22 will be processed on Sep 27th).

C. Remaining balance on past year expired funds (clean-up required):

- **FY 2020 & 2021 – Funds 401 and 411** one-year Central Trust allocation
- Please liquidate any open orders by paying vendor invoices or canceling the orders (submit liquidation forms) to de-obligate the funds by Monday, Sep 19th.
- Invoices & Receipts must be submitted to the FMD by Monday, Sep 19th to ensure payments are made by the FY22 last Treasury pay cycle on Sep 27th.



FY 2022 YEAR-END MEMO

NOTES

- The lists of unliquidated Purchase Orders and Requisitions are generated from these PeopleSoft ERP queries: **SAO_PO_UNLIQ** and **SAO_REQ_UNLIQ**.
 - On Jul 7th, FM will run the PO query and distribute the lists for first review.
 - On Aug 1st, FM will run the PO query and distribute the lists for second review.
 - On Sep 5th, FM will run the PO & REQ queries and distribute the lists for final review.

- Link to Liquidation forms
 - Request to Decrease PO via Change Order (submit to SPP Dept/buyer)
https://lweb.cfa.harvard.edu/ais/erphelp/PO_decrease_form_102220.pdf
 - Request to Liquidate (Finalize) PO Encumbrance (submit to FM Dept/Siddhi Patel)
https://lweb.cfa.harvard.edu/fm/forms/po_liquidate_fm-form.pdf

Important Reminder:

FM & SPP will process change order well into September.

If by chance in September, you encounter any Federal FY 2021 POs that need to be liquidated - please immediately forward the *Request to Decrease PO via Change Order* to SPP and cc. FM Depts. We will liquidate and re-distribute the funds to ensure all SAO FY 2021 Federal funds are fully obligated prior to COB Friday, September 30, 2022.

- **Federal S&E appropriations (funds 000 and 120)** are considered two-year funds. The funds that are de-obligated in the second year of the funding period are re-directed to the Director's Office and re-allocated based on funding needs.

- **Central Trust allocations (funds 401 and 411)** are provided for one year and are available for obligation only during the fiscal year in which they were allocated. Goods and services paid with Trust Overhead funds (including IRD and B&P) **must be received by September 30th** of the current year (deadline for FY 2022 is Friday, September 30th).

The annual cancellation and return of Federal funds to the U.S. Treasury is a topic of critical importance to the Institution and one that needs your attention. Five years after authority to obligate Federal S&E funds expires, all remaining unspent funds must be returned to the U.S. Treasury (please see attached memo from SI concerning this matter).



Smithsonian Institution

Office of the Under Secretary for Administration
Office of Planning, Management and Budget

Date May 11, 2022

To CFO Contacts and SI Administrative Officers

cc CFO Leadership and SI Directors

From Ken Johnson, Director of Federal Resources

Subject Managing Federal Salaries & Expenses and Central Trust Funds that are Subject to Cancellation on September 30, 2022

The reconciliation and closing out of open obligations for prior fiscal years is part of the year-end closing process. This memo addresses the following:

- FY 2016 two-year Federal S&E appropriation (funds 000 and 120); and
- FY 2019 one-year Central Trust allocation (funds 401 and 411).

Federal Salaries and Expenses (S&E)

The annual cancellation and return of Federal funds to the U.S. Treasury is a topic of critical importance to the Institution and one that needs your attention.

Five years after the authority to obligate Federal S&E funds expires, all remaining unspent funds must be returned to the U.S. Treasury. While every well-run Federal agency has some funds that properly revert to the Treasury when they cancel, and the Smithsonian canceled amounts are historically in line with government-wide experience, the Smithsonian can and should do better.

The table below provides the five-year history of funds returned to Treasury. At the end of FY 2021, the Institution returned \$622,791 of FY 2015 two-year S&E appropriation (funds 000 & 120).

FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
\$1,150K	\$814K	\$858K	\$768K	\$623K

The FY 2016 two-year S&E appropriation (funds 000 and 120) will cancel on September 30, 2022 and unspent funds will be returned to the U.S. Treasury. Note: No-year Federal funds are not subject to cancellation. Unobligated FY 2016 two-year appropriation (funds 000 and 120) allocated balances totaling over \$230,100 will be cancelled at the end of this fiscal year and returned to Treasury.

In addition, there are \$175,311 of open obligations against the FY 2016 two-year S&E appropriation. **Units should liquidate these open orders by paying vendor invoices or canceling open orders to de-obligate funds by September 30, 2022. Invoices to be paid in FY 2022 using FY 2016 S&E funds must be submitted to the Office of Finance & Accounting ([Finance home page - Finance Portal \(servicenowservices.com\)](#)) no later than September 19th to ensure payments are made before the FY 2016 unspent funds cancel at midnight on September 30th. The last Treasury pay cycle for FY 2022 will be processed on September 27th at 10 a.m.**

Additionally, units should carefully evaluate current and future obligations to ensure the cost truly reflects the best estimates of the work that will be performed. **In particular, units should examine FY 2021 obligations to free up Federal funds for other purposes before the authority to obligate them expires on September 30, 2022.**

Central Trust Fund Allocations

Fund 401 and 411 trust allocations are provided for one year and are available for obligation only during the fiscal year in which they were allocated. Obligations remain on the books as open orders until they are liquidated (paid) unless action is taken by the Unit or OCon&PPM to cancel or close out the order. The value of all open orders against Fund 401 represents a liability against the current year Central Trust Fund.

The Institution closes out all open orders three years after the funds expire. **In late July, the OCon&PPM will begin checking for unliquidated purchase orders to ensure that the Units have completed closing out Fund 401 and 411 open orders citing budget reference 2019. It is the Unit's responsibility to close these orders; however, if they are not subsequently closed, OCon&PPM will work with the units to ensure no obligation balances will remain in Funds 401 and 411 with budget reference 2019 at the end of the fiscal year on September 30, 2022.** For open contracts that need to be closed, please work directly with your OCon liaison as only OCon&PPM is authorized to close contracts.

To assist your staff with the process of evaluating and preparing to close out the FY 2019 Fund 401 and 411 open orders, OPMB has prepared Attachment 1: "Guide for Closing Fund 401 and 411 Open Orders." If you have any questions, please contact your OPMB Analyst for budgetary questions, the OCIO Help Desk for help in closing purchase orders, or your OCon&PPM liaison for assistance in closing contracts.

GUIDE FOR CLOSING FUND 401 and 411 OPEN ORDERS

Conduct a thorough review of each order to determine its actual status.

- Confirm that all goods and services have been received, especially for the aging Fund 401 and 411 line items that will be closed out by the end of FY 2022.
- Confirm that the vendor has submitted all final invoices and that all final payments have been made, especially for the Fund 401 and 411 line items that will be closed by the end of FY 2022. For orders with multiple chartfields, identify other lines that can be closed in addition to the Fund 401 and 411 lines that will be automatically closed.
- Validate the status of each open order with the vendor(s).

In addition to reviewing the open orders, you should take the following additional actions as soon as possible:

- Submit all invoices for payment in FY 2022 to the Office of Finance and Accounting ([Finance home page - Finance Portal \(servicenowservices.com\)](http://servicenowservices.com)) by COB on September 19th.
- Close out all open orders for which *all line items* included on the order have been fully received, invoiced and paid as follows:
 - For purchase orders, Unit procurement delegates should take appropriate action to close out orders in the ERP; and
 - For contracts, Unit procurement delegates should work with OCon&PPM to close out contracts.

In instances where a Fund 401 or 411 line item will be closed before all work, invoicing or payment will be completed, you will need to:

- Replace 2019 funds that will be canceled with other available funds by modifying the purchase order and/or contract in FY 2022 to add new chartfield(s).

If you do not intend to replace funding on an order that is still active, and the closing out of the Fund 401 and 411 line will result in a permanent decrease on the order, the modification will require bilateral agreement (the contractor must sign a formal modification).

To conduct further research, please use the following ERP reports and/or queries:

- Query: ERP_PO_UNLIQ
- Reports (accessible from the ERP Purchasing Module):
 - SIPO003R (PO Lines by PO ID Report); and
 - SIPO007R (PO Distribution Lines Report).