



# USAS User's Group

# **APS 018 Update**

**Daniel Benjamin, Manager**  
Fiscal Integrity Division, Texas Comptroller of Public Accounts

# Due Dates



## **Due Quarterly on:**

- **Dec 30**
- **March 30**
- **June 30**

## **Year End:**

**Sept 30 – Simplified Reporting Agencies**

**Oct 30 – Full Reporting Agencies**

# Impact of Binding Encumbrance Report



## Economic Stabilization Fund

- **Contributes to the determination of the unencumbered General Revenue balance.**
- **Half of the unencumbered GR balance is transferred to the ESF 90 days after the end of a fiscal year.**
- **Over encumbering of funds can result in an underfunding of the ESF.**

# Impact of Binding Encumbrance Report



## Biennial Revenue Estimate

- **Encumbrance and lapse amounts are used to create the BRE and determine available balances.**
- **Over encumbering of funds can result in inaccurate BRE data.**
- **BRE provides the Legislature the amounts available by fund to appropriate.**

# Encumbrances



## **Definition:**

- **A contract, agreement or other action that legally obligates state funds.**
- **Commitments for goods made before the end of the reporting period but receipt does not occur until after the reporting period (Nov. 30, Feb. 28/29, May 31, or Aug 31).**

**An encumbrance is for actual contracts awarded, not for anticipated contracts or contracts under negotiation.**

# Encumbrances



## **Common Encumbrance Issues:**

- **Fully encumbering the available balance, and**
- **Over encumbering an appropriation.**

# Encumbrances



**Fully encumbering the available balance is discouraged unless supported by valid encumbrances.**

**ACOs will now provide auditors a list of agencies that fully encumbered their appropriations. The auditors may verify the validity of encumbrances during their field work.**

# Encumbrances



- **Over encumbering of an appropriation should be avoided.**
- **USAS will now provide a warning message if the Remaining Encumbered Basis Budget or Appropriation Encumbered Cash Available is exceeded when recording an encumbrance.**
- **Recommend agencies do expenditure transfers or budget transfers to correct this situation.**



# Recent Changes



- **In addition to payables and encumbrances, all transactions for UBs, budget revisions and expenditure transfers for affected years must be completed by Oct 30.**
- **Quarterly and Annual Certifications must now be submitted by the CFO or higher official for each agency.**

# Recent Changes



- **As required by statute, the Comptroller's office will automatically lapse all unencumbered appropriations balances or UB funds not moved forward on November 1 of each fiscal year.**
- **Agencies may still request the partial or full reinstatement of a lapsed balance.**
  - **The request will now also require the CFO or higher official to approve and provide a justification for the reinstatement.**
  - **If un-lapsing to add an encumbrance, need to provide support that encumbrance is valid as of 8/31.**

# Questions?



## Contact Information

**Email:**

**[Daniel.Benjamin@cpa.state.tx.us](mailto:Daniel.Benjamin@cpa.state.tx.us)**

**Phone: 936-6295**