

## **Process Flow for Reimbursable Carryover into FY 2006**

Carryover for reimbursable funds falls into two categories: Cash Carryover and Carryover Authority. Cash carryover is the cash advance balance remaining at the end of one fiscal year for work to be performed in the next fiscal year. The projects supported with cash carryover are in fund code 06. Carryover authority is the amount of funding authority (unfilled customer orders) remaining on a reimbursable agreement at the end of a fiscal year for work not yet completed. Projects supported with carryover authority are in fund code 07. Both types of carryover require that the period of performance end date for the agreement extend into the next fiscal year.

In FY 2006, funds control for reimbursable agreements will continue to be controlled by the allotment entered at the project and FMC level. To allow for any spending to occur against a reimbursable project in October, the project's allotment must be recorded in CBS. The Reimbursable Agreements Module has now been enhanced to include an automated carryover process for reimbursable agreements (WIP projects only). WIP projects should have a project type of REIMBW (fund 07) or REIMBA (fund 05 or 06), have a WIP flag of "Y", and have RADG002 agreements in CFS. Carryover for Reimbursable Sales/Fixed Fee (RSFF) projects will continue to be calculated and recorded manually.

### **FY 2006 Carryover for Reimbursable Agreements and WIP Projects**

The automated carryover process will calculate and generate FY 2006 transactions for available cash and unfilled customer order balances for those reimbursable agreements that extend into FY 2006. Cash and unfilled customer order balances for prior year undelivered orders will also be accounted for by FCFY as part of this process. To prepare for the carryover from FY 2005 into FY 2006, the following procedures should be followed for WIP projects and agreements:

- 1) The **Line Office** will begin preparing for the reimbursable carryover process by reviewing the funding available under the reimbursable agreements that expire prior to FY 2006 to determine those that may require a no-cost time extension into FY 2006. Negotiations for this no-cost time extension should begin as soon as possible so that the agreement can be extended and the funding brought forward into the new fiscal year when the automated process is run in early December.
- 2) The automated carryover process will only compute and record FY 2006 unfilled customer orders for agreements that have a period of performance end date that extends into FY 2006. To make sure that all possible reimbursable agreement records are included in this automated process, the **Line Office/FMC** end users should review their RADG002 agreements and associated RADG003 unfilled customer order transactions to verify that the correct period of performance end dates have been recorded.

- 3) In addition, the **Line Office/FMC** end users should review and correct any errors on existing RADG002 agreement records, and work with Budget Execution to correct any errors on RADG003 unfilled customer order records, to ensure that accurate information is included in the automated carryover process. The accuracy of this process is dependent on the accuracy of the existing RADG002 and RADG003 records.
- 4) The **Line Office/FMC** will provide preliminary carryover estimates for all reimbursable projects, by reimbursable project and agreement, to the Budget Office per instructions from the Budget Office. Estimates for WIP projects should be provided separately from those for RSFF projects. Only the Line Office with primary responsibility for a reimbursable agreement should submit the estimates for that project and agreement. The Line Office should exercise caution in calculating the carryover estimates for fund 07 in order to prevent overspending in the first quarter. A low estimate is better than a high estimate. Cost overruns resulting from a high estimate will have to be covered by direct funds if no additional reimbursable funding is expected.
- 5) Prior to the end of FY 2005, the **Finance Office** will provide the Budget Office with a list of WIP projects in fund codes 06 and 07 that are not eligible for carryover allotments based on agreement end dates.
- 6) For fund code 06, the **Budget Office** will record carryover allotments for WIP projects in October based on the cash balance in each eligible reimbursable project at fiscal year end. Allotments will be recorded and funds control will be set at the project and FMC level. The Budget Office will not allot funds in fund 06 in excess of the amount retrieved in this query or to projects with agreements that end in FY 2005.
- 7) For fund code 07, the **Budget Office** will record carryover allotments for WIP projects in October based on 80% of the first quarter estimated carryover amount provided by the Line Office. Allotments will be recorded at the Line Office and project level. The Budget Office will not allot funds to projects with agreements that end in FY 2005.
- 8) The **Budget Office** will notify the Line Office and Finance via email when the initial allotments for WIP projects are established.
- 9) The **Budget Office** will provide the Finance Office with a spreadsheet of estimated carryover allotments recorded for WIP projects. Amounts will be reflected by fund, Line Office, and RSFF project, and will include the break out by quarters.
- 10) The automated carryover process will be run by the **Finance Office** in early December, after most year end adjustments and bills have been recorded. This

process will bring forward any remaining funds on agreements that have a period of performance end date on RADG002 that extends into FY 2006.

- 11) The automated carryover process will create the required FY 2006 unfilled customer orders for the reimbursable agreements that have carryover balances. Cash and unfilled customer order balances for prior year undelivered orders will also be accounted for by FCFY as part of this process.
- 12) The **Finance Office** will notify the Budget and Line Offices of the amount of the FY 2006 carryover calculated by the process via report or spreadsheet.
- 13) The **Budget Office** will modify the estimated allotments for WIP projects in Fund Code 07 based on the results of the automated carryover process. The allotments will be entered for the full amount in the quarters indicated by the Line Offices.
- 14) The **Budget Office** will notify the Line Offices via email when the allotments for WIP projects have been updated.
- 15) The **Budget Office** will notify the Line and Finance Offices of any cases where the carryover estimate was too high and resulted in a cost overrun (i.e., allotments could not be reduced to correct levels).
- 16) If a Line Office/FMC disputes any WIP carryover amount calculated and recorded by the system or by Finance, it must be researched and documented by the FMC, reviewed and validated by the Line Office reimbursable representative, and then presented to the Finance Office for consideration on a case by case basis. In situations where disagreements remain between Line Offices and Finance after Finance has reviewed the documentation, Finance's calculations will be considered correct.

### **FY 2006 Carryover for RSFF Projects**

In FY 2006, carryover allotments and unfilled customer orders for Reimbursable Sales/Fixed Fee (RSFF) projects will continue to be calculated and recorded manually. Cash and unfilled customer order balances for prior year undelivered orders must be accounted for and recorded by FCFY, and any remaining balance will be recorded in FY 2006 for those projects and agreements where authority extends into FY 2006. To prepare for the carryover from FY 2005 into FY 2006, the following procedures should be followed for RSFF projects:

- 1) The **Line Office/FMC** will provide preliminary carryover estimates for all Reimbursable Sales/Fixed Fee (RSFF) projects, as well as FY 2006 estimated reimbursements for RSFF projects allocated by quarter, to the Budget Office per instructions from the Budget Office. Estimates for RSFF projects should be provided separately from those for WIP projects and clearly identified as RSFF.

In Fund 07, carryover only applies to those RSFF projects that have contracts or MOUs with specific funding amounts and periods of performance. The Line Office should exercise caution in calculating the carryover estimates for fund 07 in order to prevent overspending in the first quarter. A low estimate is better than a high estimate. Cost overruns resulting from a high estimate will have to be covered by direct funds if no additional reimbursable funding is expected.

- 2) Prior to the end of FY 2005, the **Finance Office** will provide the Budget Office with a list of RSFF projects in fund codes 06 and 07 that are not eligible for carryover allotments based on agreement or project end dates.
- 3) For fund code 06, the **Budget Office** will record carryover allotments for RSFF projects in October based on the cash balance in each eligible reimbursable project at fiscal year end. Allotments will be recorded at the project and FMC level. The Budget Office will not allot funds in fund 06 in excess of the amount retrieved in this query or to projects or agreements that end in FY 2005.
- 4) For fund code 07, the **Budget Office** will record carryover allotments for RSFF projects by October based on 80% of the first quarter estimated carryover amount provided by the Line Office. Allotments will be recorded at the project and FMC level. The Budget Office will not allot funds to projects with agreements that end in FY 2005.
- 5) For RSFF projects, the **Budget Office** will record allotments by October for 100% of the FY 2006 estimated reimbursement amount provided by the Line Office. Allotments will be recorded and funds control will be set at the project and FMC level.
- 6) The **Budget Office** will notify the Line Office and Finance via email when the initial allotments for RSFF projects are established.
- 7) The **Budget Office** will provide the Finance Office with spreadsheets of allotments recorded for both estimated carryover and FY 2006 estimated reimbursements. Amounts will be reflected by fund, Line Office, and RSFF project, and will include the break out by quarters.
- 8) The **Finance Office** will review and verify the carryover for RSFF projects in fund 07 and provide a list of any adjustments to the Budget Office.
- 9) The **Budget Office** will modify the estimated carryover allotments for RSFF projects in Fund Code 07 based on the list of adjustments provided by Finance.
- 10) The **Budget Office** will notify the Line Offices via email when the RSFF allotments have been updated.

- 11) The **Budget Office** will notify the Line and Finance Offices of any cases where the carryover estimate was too high and resulted in a cost overrun (i.e., allotments could not be reduced to correct levels).
- 12) The **Finance Office** will update the spreadsheets of estimated RSFF carryover allotments provided by the Budget Office with the adjustments to reflect the final carryover allotment amounts for RSFF projects and provide this to the Budget Office.
- 13) The **Budget Office** will use the final list of RSFF carryover allotments and the list of FY 2006 estimated reimbursements to verify total FY 2006 allotment amounts by project and to record FY 2006 Unfilled Customer Orders for the RSFF projects on the RADG003 screen.
- 14) If a Line Office/FMC disputes any RSFF carryover amount calculated and recorded by Finance, it must be researched and documented by the FMC, reviewed and validated by the Line Office reimbursable representative, and then presented to the Finance Office for consideration on a case by case basis. In situations where disagreements remain between Line Offices and Finance after Finance has reviewed the documentation, Finance's calculations will be considered correct.