



Statewide Accounting Directive

Subject File Reference:

AD_201003_Early Return of Surplus

Effective Date: 06/18/2010

Revision Date: 02/28/2011

Early Return of Surplus

Index:

[Event Description](#)

[Directive Policy Requirements](#)

[Related Policies and Procedures](#)

[Required Journal Entries](#)

[Authority](#)

[Contact Information](#)

Event Description:

This accounting directive clarifies the accounting treatment required for early return of surplus.

Directive Policy Requirements:

Recently, SAO and OPB issued a memorandum announcing a project to review open purchase orders/encumbrances meeting certain criteria. If a rationale cannot be established for keeping these purchase orders open, these purchase orders will be closed for budgetary purposes, which will result in a surplus adjustment.

Related Policies and Procedures:

As a follow-up to the above referenced memorandum, this directive provides additional guidance to State agencies. All prior-year purchase orders with no voucher activity should be closed unless OPB has given an agency explicit approval to keep the purchase order open. As requested by OPB, funds associated with the closed purchase orders should be remitted to the State Treasury no later than the deadline established by OPB (June 30, 2011 for FY2011). In addition, all prior-year purchase orders with voucher activity should be closed unless OPB has given an agency explicit approval to keep the purchase order open.

The process for remitting these funds is as follows:

- If funds are available in your allotment balance account at State Treasury, your agency should use the ARIS system and click the "Return of Surplus" button to remit payment.
- If funds are not available in your allotment account, your agency should contact State Treasury to make arrangements for wiring the funds.

Required Journal Entries:

The cancellation of a purchase order and subsequent return of surplus will be reflected in the PeopleSoft system through the cancellation process as follows:

Debit Account 328001 (Reserve for Encumbrances)

Credit Accounts 6xxxxx/7xxxxx/8xxxxx (Account previously used on each of the purchase order lines cancelled)

Please note: The entry above will happen automatically once the cancellation has been posted in the Purchase Order module and the journal generator has transferred the transaction into the general ledger. This journal entry should not be manually created by the end user.

The early return of surplus to the State Treasury should be handled consistent with the “normal” return of surplus process as either an AP voucher or a journal entry. This process will ultimately result in the following transaction:

Debit Account 390109 (Adjustments to Fund Balance – Early Surplus Returned to OST)

AND

Credit Account 121001 (State Appropriations Receivable)

OR

Credit Account 1xxxxxx (Applicable agency cash account from which the funds are being provided)

Beginning in FY2011, early return of surplus should be recorded to 390109 (Adjustments to Fund Balance - Early Surplus Returned to OST)

Authority:

OCGA 50-5B-3, *Duties of State Accounting Officer*

OCGA 50-5B-4, *Duties of State Agencies with Respect to SAO*

Contact Information:

Questions regarding this Accounting Directive should be directed to: Michael Rodgers at mrodgers@sao.ga.gov