



Office of the State Controller

OFFICIAL MEMORANDUM

To: Chief Financial Officers

From: Laura Klem, Statewide Accounting & Financial Reporting Manager *Laura J. Klem*

Date: March 1, 2024

Subject: Reconciliation of Agency Transfers and ACFR worksheet changes related to transfers

In preparation of the 2024 Annual Comprehensive Financial Report (ACFR) and in response to agency requests to simplify processes with the implementation of NCFS, the Office of the State Controller (OSC) is implementing a few changes on how agency transfers are reconciled throughout the fiscal year and then reported in the final FY2024 ACFR package. In past ACFR compilations, issues in processing transfers occurred such as transfers not having a reciprocal in or out, reimbursements recorded as transfers, and transfers recorded by agencies with component units.

In lieu of completing a series of worksheets 540-560 in the FY2024 ACFR package, OSC will replace (currently 6 transfer-related worksheets) ACFR worksheets with one (1) comprehensive transfer ACFR worksheet (New worksheet 542) in the FY2024 ACFR package. The new 542 worksheet will request agencies to certify that they have reconciled transfers as per OSC instructions and only explain variances or exclusions as needed and will not require any detailed reconciliation or analysis. OSC Financial reporting staff will use the Statewide NCGASB Transfers Reconciliation report (RPT168) to generate the FY2024 ACFR Note 10B disclosure on inter-fund GASB transfers and post any elimination entries to the general ledger at the statewide level.

To facilitate this simplified end of year process and help agencies to reconcile transfers already posted this fiscal year, OSC has posted an initial daily Statewide NCGASB Transfers Reconciliation report to SharePoint that has all “unmatched” entries (entries needing correction) for all state agencies through January 31, 2024. This report can be found at our Year-End Financial Reporting SharePoint set at : [OSC Year-End Financial Reporting Packages - NCFS Statewide Transfer Reconciliation - All Documents \(sharepoint.com\)](#) in the GASB Resources folder. Effective March 4, 2024, the Statewide report will be updated every weekday to SharePoint, to help agencies confirm that their correcting entries posted correctly to the General ledger, and the new report shows the amount as “matched”. This report can be downloaded as frequently as possible and reviewed by each agency, and correcting journal entries to fix all entries for each agency need to be posted in each agency’s respective General ledger. The



daily SharePoint report will show YTD transfer balances as of the report date. For the interim reconciliation, OSC is requesting that agencies correct any transfer entries for the first seven (7) months of the fiscal year through January 31, 2024. **After correcting entries are posted for transfers through January 31, 2024, agencies need to upload a copy of the downloaded Statewide report and email Elizabeth John @ Elizabeth.John@osc.nc.gov and copy their OSC analyst by April 1st to notify OSC of their completion by this deadline.**

The following documents posted to SharePoint (and attached to this memo) will help each agency with this reconciliation going forward:

- 1) Agency Guidance on Reconciling RPT168 Unmatched amounts document - will help to identify & correct entries that need correction by each agency. This document will be kept updated with a frequently asked questions section added as well as we work on standardizing this process and work with agencies on this reconciliation going forward.
- 2) Prior OSC memo: Agency guidance on use of Transfer accounts in FY24
- 3) OSC Quick Reference Guide: QRG GL-47 Interfund Segment Use approved.

OSC is requesting an interim reconciliation of the Statewide report posted on SharePoint by April 1, 2024, for all transactions posted during July 1, 2023, through January 31, 2024.

Effective immediately, the Statewide Transfer Reconciliation Report (RTR168) will be run daily and posted to the OSC SharePoint site for all transfers posted in for YTD data as of the report date. Each agency should pull this report monthly to verify their reconciliations and if necessary, make the necessary re-classification entries in NCFS. All transfer in and transfer out distributions should have the appropriate interfund value. To facilitate the reconciliation of transfers, agencies are required to:

- 1) Review and identify all entries for their agency and interfund segment (any transfers made by the agency or sent to the agency) in the unmatched file.
- 2) Record re-classification Journal entries in NCFS. This includes entries to reclassify the existing interfund segment to the correct interfund, entries to break out the transfer lines to appropriate detail where one transfer may have multiple reciprocal transfers or edit the existing entry, so it matches to the corresponding entry made on the reciprocal side of the transfer as needed. For example, a journal entry will be needed to reclassify the current default value of "000000" or any other incorrect value in the Interfund segment value to the correct value.
- 3) Upload a copy of the updated Statewide Transfer Reconciliation Report (RTR) 168 reconciled to your agencies FY24 Year-End Financial Reporting Packages folder. The report should show all transfer in and transfer out distributions for your agency have been reconciled with matches. This includes ensuring all distributions have an



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appropriate interfund value (i.e. no distributions should have the default interfund value of 000000).

Should you have any questions, contact your OSC analyst or Elizabeth John at Elizabeth.John@osc.nc.gov.

Attachments:

1. Agency Guidance on Reconciling RPT168 Unmatched amounts FY24.docx
2. Agency guidance on use of transfer accounts in FY24 memo.
3. QRG GL-47 Interfund Segment use approved document.
4. New 542 ACFR worksheet Proforma

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