**Memorandum**

**Date: April 10, 2020**

**To: Agency Fiscal Staff**

**From: Jocelyn Gunter, Director of Accounts and Reports, Department of Administration**

**Subject: SMART and Spending Authority**

As we approach the end of the fiscal year, agencies are wondering how the SMART system will handle spending in excess of existing appropriations and what flexibility is allowed. See below for an FAQ from the perspective of the Office of Accounts and Reports (OAR).

1. Will payroll and expenditures for securing coronavirus supplies clear if an agency runs out of appropriated funds?
   1. The SMART system is built with controls to prevent spending in excess of appropriated funding.
   2. If the appropriation balance is low, then the budget check status would prevent other transactions in SMART from processing for the particular fund/budget unit combination if the transaction exceeds the balance remaining.
2. What about federal funds? Can those have a negative cash position?
   1. For federal funds, OAR allows a negative cash balance at FY end, but requires the agency to enter their pending federal reimbursement in the SMART Accounts Receivable module (attaching the documentation showing that they have requested the fed dollars).
   2. At year end, the account receivable entries must be greater than or equal to the negative cash balance.

1. What best practices are recommended for agencies mitigating the risk of overage for payroll spending?
   1. Agencies should confirm their payroll funding information BEFORE payroll is confirmed.
   2. Any errors due to funding shortages will not stop payroll to employees, however, will prevent the general ledger transactions from posting. Statewide Payroll will work with your agency to resolve funding shortages provided other funding sources are available.
   3. Agencies can leverage SMART query KS\_KK\_APPROP\_FUNDS\_BALANCES to monitor potential overages.
2. What options are there to obtain additional appropriations?
   1. If an agency determines that a supplemental State General Fund appropriation is needed for FY 2020, a request for a Governor’s Budget Amendment needs to **be submitted by the end of the day Friday, April 10**. Please work with your assigned DOB analyst for this option.
   2. Other funding sources for COVID-19 related expenditures are being explored and will be communicated by the Division of Budget (DOB), along with guidance for how to apply for, access, and administer those funds. **In some instances, additional federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) will flow through existing federal programs and funds. However, some additional funding will require the authorization of creating and spending from new federal funds through a Governor’s executive directive. You should work with your assigned budget analyst to discuss how these additional funds will flow through your agency’s budget and the necessary mechanisms required.**

If there are additional questions or concerns, please contact the following individuals

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