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SUBJECT ▶ AGENCY DISSOLUTION				

TO: All State Agencies

FROM: Accounting Division
Department of Administration

INTRODUCTION

This management memo updates Management Memo 2-77-9. Therefore, please remove Management Memo 2-77-9 from your manual.

It has become necessary to develop procedures to be followed when an agency of State government is being closed. The following will facilitate an orderly transfer of the control over that agencies assets and administrative and accounting functions.

PROCEDURES

A. ACCOUNTING PROCEDURES: Upon notification of closure, the agency must update all accounting and administrative functions daily to assure a smooth shut down and prevent future administrative problems. Particular attention must be given to the following:

1. Processing of accounts payable, Form 231 Transfer Warrant Claims should be submitted to the Accounting Division of the Department of Administration on a daily basis.
2. Accounts receivable must be collected to the fullest extent possible prior to agency closure.
3. Any appropriation authority and/or monies under the agency's control upon closing will revert back to the fund from which it was appropriated. It is the agency official's responsibility to insure that no appropriation is deliberately over expended. As a reminder, Section 79-901, R.C.M. states that it is unlawful for any employee to deliberately over expend an appropriation.
4. The Department of Administration will hold all books and records from the closing agency open for the remainder of the fiscal year. Adjustments needed after fiscal year end will be made in the normal manner.
5. Two weeks prior to closing, an agency official must arrange a meeting with the Director of Administration or his duly appointed representative. The closing agency's official must prepare a written transmittal giving the Department of Administration "power of attorney" in finalizing and closing all remaining accounting and administrative functions. This procedure can be superceded by

PRE-AUDIT OF CLAIMS

Section 82-109.2, R.C.M. 1947, provides that the Department of Administration may pre-audit claims against the state and

"If no appropriation is available for the payment of a liquidated claim, the department shall audit it and, if it is valid claim, transmit it to the governor for presentation to the legislative assembly."

Based upon the law and the recent Attorney General's ruling, the Department of Administration will hereafter carefully review claims to ensure that they are charged against the proper year's appropriation. In addition, the payroll for the pay period ending June 30, 1978, will not be released until it has been posted to each agencies' appropriation to ensure that funds and spending authority are available to cover the payroll.

Agency personnel are advised to carefully monitor their operations during the remainder of this fiscal year to ensure that they do not over-encumber and/or over-expend their appropriation. Projected personal services (salaries, wages and employee benefits) should be provided for before ordering more goods and services.

CONCLUSION

In recent years only a few agencies have over-expended their appropriations. This year let us work together so no one over-expends or over-encumbers their appropriations.

The Department will consider proposing changes to the law at the next session of the Legislature, but in the meantime, we must enforce it as it is now written.

If agency transactions attempt to over-expend an appropriation, the associated payroll or claim will not be paid. Unfortunately, this may mean that innocent third party employees and vendors will suffer. Let each of us do our part to monitor our operations to avoid embarrassing the state and ourselves.