

ACCOUNTING BULLETIN

TO: Fiscal Officers of All State Agencies

FROM: Steven L. Valasek, Director of State Accounting

DATE: May 27, 1997

SUBJECT: Implementation of PA 89-511

NUMBER: 74

Public Act 89-511 became effective January 1, 1997. This legislation amended 30 ILCS 105/25 (b)* as shown below:

“Outstanding liabilities as of June 30, payable from appropriations which have otherwise expired, may be paid out of the expiring appropriations during the 2-month period ending at the close of business on August 31. Any service involving professional or artistic skills or any personal services by an employee whose compensation is subject to income tax withholding must be performed as of June 30 of the fiscal year in order to be considered an “outstanding liability as of June 30” that is thereby eligible for payment out of expiring appropriation.”

This legislation impacted State entities in two areas.

1) **The lapse period has been reduced from three months to two months.** The FY 97 lapse period ends August 31, 1997. All vouchers must be processed by August 31, 1997 to qualify for payment from FY 97 appropriations (refer to the FY 97 closing instructions for submission deadlines). Any payments received after the deadline will be returned unprocessed to the Agency.

It is not necessary to submit a Contract Obligation Document (COD) to change the ending date of FY 97 contracts if the goods or services are received prior to August 31. If a contract provides for goods or services to be received after August 31, a COD must be submitted. Those goods or services received after August 31 must be vouchered against the subsequent fiscal year's appropriation.

**PA-89-511 also impacted 30 ILCS 105/25 by adding subsection (i) which deals with payments to internal service funds. This change will not be covered under this bulletin.*

2) Any service which involves professional or artistic (P & A) skills, or any personal services by an employee whose compensation is subject to income tax withholding (including contractual employees) must be performed by June 30 to be charged against the current year's appropriation.

Pursuant to CUSAS 15.20.30 - "Professional or artistic services may be defined as services rendered by an individual or firm contractually hired by an agency because of their expertise in a given field. Professional services include, but are not limited to, those services which when vouchered will cite detail objects 1240, 1241, 1242, 1245, and 1269, in certain circumstances 1246, 1289 and also certain detail objects within the 4400, 6600, and 7700 major objects of appropriations."

Any voucher for P & A or personal services submitted with a service date beyond June 30 will be ineligible for payment against the current fiscal year appropriations and will be returned to the Agency. Note: CUSAS requires a service date to be entered in the description block of the voucher.

It is not necessary to submit a COD to change the ending date of FY 97 contracts if the P & A or personal services are performed prior to June 30. If a contract provides for P & A or personal services to be performed after June 30, a COD must be submitted. Those services performed after June 30 must be vouchered against the subsequent fiscal year's appropriation.

Questions regarding this bulletin should be referred to Jim Kennedy at (217) 782-3608.