

3.06 ENCUMBERING AND EXPENDITURES GUIDELINES

BDAP has adopted the policy that materials and services received in one funding period shall not be paid or be payable against another funding period. Thus, it is contrary to policy to encumber funds out of the current fiscal year's allocation for purchases in the next fiscal year. This policy applies to all purchases supported in part, or in whole, by funds issued by the Commonwealth.

BDAP recognizes that in some instances it may be necessary to establish a reserve or encumbrance to pay off any ending expenses for a funding period. These reserves shall be kept to a minimum and can only be encumbered under the following conditions:

Materials

1. All orders for materials must be dated and signed before the final date of the funding period, which in most cases is June 30.
2. Delivery of all materials must be made within 30 days after the end of the funding period. If payment of the invoice occurs after 60 days, the funds must be expended from the next funding period and the encumbered funds are lapsed.

Services

1. Funds may be encumbered for services that are completed before, but billed after the end of the funding period (in most cases June 30), so long as the contract or bill is paid within 60 days after the end of the funding period. If payment occurs after 60 days, the funds must be expended from the next funding period and the encumbered funds are lapsed.
2. Should a contractual agreement be entered into which extends beyond the end of one funding period, the time portion of the agreement after the end of the funding period should be treated as a charge against the next funding period. Such a charge would be contingent upon continued funding.

| All lapsed funds are returned to BDAP with submission of the fourth quarter report.