Prepaid Expense & Cross FY Purchases

This QRG provides guidance on handling Prepaid Expenses and Purchases that cross Fiscal Years for Non-Project-related expenses.

First, determine if it is absolutely necessary to process the request before June 1st. If the purchase can wait, it should. However, some circumstances require a purchase to be made before June 1st where the event, or delivery of product, will not take place or be received until after May 31st.
Examples: Conference Registrations or purchases with long lead times, etc.

Second, determine which procedures apply.
How much is the expense: less than $250 or greater than $250?

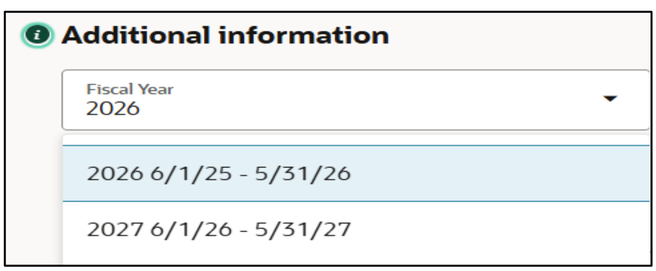
Purchases <u>less than</u> $250 prior to June1

Purchases less than $250 will be expensed in the default (current) fiscal year.

Purchases <u>greater than</u> $250 prior to June 1

<u>REQUISITIONS</u>:

- Enter a Requisition and select the normal category for the type of expense.
- A **Fiscal Year** field has been added to the Requisition. This defaults to 2026 (current fiscal year).
- By selecting **2027**, the requisition automatically changes the account segment in the COA to **clearing account 15300** for all non-project purchases.
- Project purchases and Fixed Assets will remain coded as normal.
- The use of this field is only applicable through May.



DO NOT select 2027 For Fixed Asset or Project Purchases!!!

EXPENSE REPORTS:

- Be sure to separate expenses based on fiscal year. One expense report should not contain expenses from more than one fiscal year.
  *Example: An expense in **May** should be recorded on an expense report for the **current** fiscal year. Expenses after June 1st should be recorded on a separate expense report for the **new** fiscal year.*
- Enter an expense item with the normal Expense Template and Type selected.
- Enter all expense item information.
- As a final step, **manually update the account in the COA to 15300**.
  - Changing the template and type after updating will result in the account defaulting back to the normal mapped account. The account should be checked before saving and submitting.

Note: On Both Requisitions and Expense Reports, include in the description fields on the requisition line/expense item line an indicator of the FY and account for when the expense is reviewed and reversed:
Example. "FY27 – 93XXX – Normal Description"

In FY27 Central Finance will recode items out of the clearing account into the actual account based on the Expense Type or Procurement Category.

CROSS-YEAR EXAMPLES:

Full service period in FY27

- Example: A software invoice is received in May, service dates are 7/1/26-6/30/27
  - ✓ Expense in **FY27**

Partial service period in FY27

- Example 1: A software invoice is received in April, service dates are 4/1/26-3/31/27
  - ✓ Expense in year of majority - **FY27** (10 months in FY27, 2 months in FY26)
- Example 2: A software invoice is received in April, service dates are 4/1/26-6/30/26
  - ✓ Expense in year of majority - **FY26** (2 months in FY26, 1 month in FY27)

Deposit on goods or service to be received in FY27

- Full amount, including deposit, should be expensed in **FY27**

PURCHASE ORDER ROLL:

The PO Carry Forward process will roll open purchase order balances from FY26 to FY27. Please review open POs to ensure either Invoices have been received and processed/paid, or unneeded POs have been Finally Closed. Refer to the Purchase Order Finally Close Request Job Aid for instructions.

Once the fiscal year has officially closed in late June, all remaining Open PO lines will be closed with a 5/31/26 date and reopened with a 6/1/26 date.

Note: Closing POs does not communicate closure to the supplier; suppliers must be contacted directly if items/services are no longer needed. The supplier must be contacted before closing the PO to ensure invoices are not received for closed POs.