



University of Colorado
Procurement Service Center
Phone 303.315.2846 – Fax 303.315.2795

AUTOMATED ACCRUALS

WHAT IS AN ACCRUAL?

The recording of expenditure in one fiscal year for a good or service received in that year but actually paid for in the next fiscal year.

WHY DO IT?

An item was received in the prior fiscal year so the expenditure belongs in that fiscal year.

- ◆ *Generally Accepted Accounting Principles (GAAP) require that goods or services **received** on or before June 30, 2009 be **expensed** in fiscal year 2009. In other words, the University must record a liability for expenses incurred in 2009 that have not yet been invoiced or paid. Since the normal Accounts Payable process will post most of these entries to July, we have to accrue the expense in order to record it in the proper month (June).*

WHEN CAN YOU DO IT?

*Only during the first few days of the new fiscal year...until **6:00 p.m. on Thursday, July 9.***

- ◆ *If you later notice something significant that should have been accrued, please contact your campus finance office for assistance.*

HOW DO YOU DO IT?

Depends on the type of expense, and how it is paid...

- ◆ *The accrual process is slightly different for each type of voucher (Payment, Travel, Purchase Order, or Standing Purchase Order). See below for details.*

Non-PO Receiving accruals will look at the “June Business” checkbox. If it is checked, the system will change the Accounting Date to June 30, 2009. No accrual entry (ACC prefix) will be made. The voucher will appear as though it was entered on June 30, 2009 even though it was entered in July. The voucher record will show the actual entered date, only the accounting date will change.

What Will You See on Your Reports?

FY 2009 Activity

Activity entered in July for FY 2009 will only appear in FY 2009 reports with a 6/30/09 transaction date. Transactions will carry an AP source code.

FY 2010 Activity

There will be no activity on FY 2010 reports for non-PO accrual entries.

How to Indicate Non-PO Receiving Accruals?

...ON A PAYMENT VOUCHER

The form includes a table with the following columns: Description, Fund Type, Account, Fund, Obj, Program, Sub-Class, Project/Line, and Amount. Below the table, there is a section for 'Detailed Description of Charges' and a 'June' stamp circled in red.

Write ‘JUNE’ on the Payment Voucher. Follow these steps:

- ◆ For expenses that can be paid on a Payment Voucher: complete the PV, print it out, circle the **Total** dollar amount, and write ‘**JUNE**’ underneath it. The PV must be complete, accurate, and fully signed. Attach required documents (itemized receipts, Scope of Work, Official Function, etc.). You may begin this process as of Thursday, June 25.
- ◆ The PSC will review the attached documentation to verify whether the expense should or should not be accrued.
- ◆ To ensure accrual PVs must be in the PSC by Monday, July 6.
- ◆ Be sure the vendor is in the financial database and approved (look in FIN8, Vendor Information). If not, fax a Vendor Request form to the PSC, 303.315.2799. Include a CU W-9 form, completed and signed by the vendor (unless the payee is a CU employee, CU student, or government entity, or the payment is a refund or reimbursement).

...ON A TRAVEL
VOUCHER

If the trip was completed on or before June 30 2009, the PSC will flag the expenditures to be accrued. (If the trip ends *after* 6/30/08, trip expenditures must be charged to fiscal year 2010.) Follow these steps:

- ◆ Complete the TV and print it out. The TV must be complete, accurate, and fully signed. Attach required documents (itemized receipts, Official Function, etc.). Do not combine June and July trips on one TV.
- ◆ To ensure accrual TVs must be in the PSC by Monday, July 6th.

...ON A STANDING
PURCHASE
ORDER



Approve for Payment:
June Business:

Regardless of SPO INVOICE dollar amount, approve SPO invoices and mark them 'June Business.' Follow these steps:

- ◆ If you receive the original invoice from the vendor: write on it, 'OK TO PAY-JUNE' and sign your name. The invoice must be at Accounts Payable by end of day Tuesday, July 7. If AP receives an original invoice dated prior to July 1 it will be saved as 'June Business.'
- ◆ If AP receives the original invoice: don't wait for notification that vouchers are in the system. Look online (use FIN8, Accounts Payable, Vouchers, Approval, SPO Voucher Approval and search under your Organization number). Check 'Approve for Payment' and click 'June Business' by 6:00 p.m. on Thursday, July 9.
- ◆ SPO invoices received and processed through June 30th, 2009 and not approved by July 9th, 2009 will automatically get marked as "June Business" and accrued using an ACC entry.

PO Receiving Accruals

The process to accrue FY 2009 expenses that are referenced from a Purchase Order has not changed. Quantities received totaling an amount less than \$50.00 will not be accrued. For PO Receiving accruals you must:

...ON A PURCHASE
ORDER

REGARDLESS OF PO DOLLAR AMOUNT, do online Receiving. Follow these steps:

- ◆ *If you do Receiving after June 30, **change Received Date** to June 30 or earlier if the items were actually received in fiscal year 2009.*
- ◆ *Complete online Receiving (using FIN8, Purchasing, Purchase Orders, Receiving) by 6:00 p.m. on Thursday, July 9.*

What Will You See on Your Reports?

FY 2009 Activity

Journal Entry with Journal ID of ACC- (dated 6/30/09) reflects expenditure in fiscal year 2009

FY 2010 Activity

Journal Entry with Journal ID of ACX- (dated 7/1/09) offsets accrual. *This transaction will appear on your July month-end reports.*

Journal Entry with Journal ID of AP reflects the actual payment created by the source document (the voucher)

These two transactions (the ACX and the AP) will net to zero in FY 2010.

The Detail of Financial Transactions Report for FY 2009 will show an entry for each PO Receiving that is accrued. The journal will begin ACC- and will be dated 06/30/09. The Line Reference field will identify the voucher associated with that specific accrual entry.

The Detail of Financial Transactions Report for FY 2010 will show the entry referenced in the above transaction reversed with a journal beginning ACX- and dated 07/01/09. There will be a charge to the same FOPPS in July with a journal source of AP and a reference of the voucher number representing the actual posting of the voucher.

How to Verify that Vouchers Will be Accrued

Is a Payment Voucher, Travel Voucher, or SPO voucher recorded in the correct year?

See if the *June Business* box is checked (use FIN8, Accounts Payable, Review, Vouchers, Voucher Inquiry *or* SPO Voucher Inquiry).

Will a PO voucher be accrued?

See if the PO's *Received Date* is June 30 or earlier (use FIN8, Purchasing, Purchase Orders, Receiving).

What will NOT Accrue

Standing Purchase Orders (SPOs)	Purchase Orders (POs)
Invoices processed & approved in the system after AP/PO final close on Thursday, July 9.	Invoices entered in the system in July against POs when online Receiving has not been done with 6/30/09 or prior date, <i>regardless of dollar amount</i> .
	Invoices processed in the system after AP/PO final close on Thursday, July 9.

Use the manual accrual process to accrue these items!

- If a manual accrual is needed, the accrual should be recorded in **account 100100** with the appropriate expense account as the offset. Also, the JE ID should start with **“ACC”** (or it will not be automatically reversed in the next fiscal year). Note, if you are accruing good/services purchased from a Colorado State Agency (e.g., Correctional Industries), please ensure the JE ID starts with **“ACCS”** so that it can be properly classified for state reporting.
- To facilitate follow-up on manual accruals, we request that you include the voucher and invoice number in the JE reference field.
- In addition, the OUC will work with the individual campus controller's offices to identify invoices related to fiscal year 2009 that have not been identified through the above process to ensure they are properly accrued.

OTHER YEAR-END INFORMATION

What happens to Credit Card Transactions

PROCUREMENT CARD TRANSACTIONS

Credit card transactions are different. Your Procurement Card transactions will not be flagged and created as accruals since they are based on journal entries that already posted directly to the appropriate fiscal year.

To have these expenditures posted to fiscal year 2009, you must complete reallocations on time. Follow these steps:

- ◆ *Reallocate all Procurement Card transactions with a date of June 30 or earlier. You must do this no later than 3:00 p.m. on Tuesday, July 7.*