



California Institute of Technology
Pasadena, CA 91125-3100

TO: PS Distribution

FROM: Tina Lowenthal
Director, Procurement Services

DATE: August 3, 2009

SUBJECT: 2009 Fiscal Year Closing

A/P Closing 9/29
System Dark
9/30

To ensure that the fiscal year closing goes as smoothly as possible, we have prepared the following timeline to assist our customers. Please use this as a tool to plan. The dates given reflect firm cut-offs. Where action is required by Procurement Services (PS), the given dates indicate when required paperwork or system action must be received by PS to be included in FY09. Explanations of some of the accounting concepts are included.

Requisitions & Purchase Orders (With Supporting Documentation)

Action	Cut-off Date	Result
Receive all FY09 purchase requisitions (Paper/TechMart)	9/11/09	Encumber in FY09 ▲
Enter Purchase Order into system	9/11/09	Encumber in FY09 ▲
Blanket Orders, a separate memo has been sent to address renewal of appropriate Blankets		

▲ GB Funds encumbered in FY09 for which invoices are not paid within FY09 will carry over into FY10 as FY10 encumbrances.

Pre-payments

Payments for goods or services are not made prior to the actual receipt and acceptance of goods and services. Certain types of purchases require pre-payment, such as rentals, leases, subscriptions, etc. Requests for prepayments must be supported by documentation and approved by the department (P.I., Grant Manager, or Division Administrator). It is the responsibility of the requesting department to ensure that the Supplier provides the goods or services to the Institute.

It is not appropriate to request prepayment for goods or services (not yet received) to circumvent the budgeting process. If there is a business reason to retain funds for a future purchase, a roll-over should be requested from the budget office.

P-Card Transactions

Actions	Cut-off Date	Result
Last transaction* dated 9/08/09	For 9/15 billing cycle (Reconciliation)	Expensed in FY09, will appear in September
Transactions dated 9/15/09 & after	For 10/15 billing cycle (Reconciliation)	Expensed in FY10, will appear in October

***Transaction date**

This is the date that Master Card assigns to the charge as it posts to their mechanism that passes the charge to Caltech. It may be later than the date merchandise was actually purchased, depending on when the merchant passes the information to its bank and in turn the bank passing it

to Master Card. *The only time this is critical is if the charge is intended for a project that is ending or if the funds in the project will not carry forward. In such a case, the cardholder should ask the merchant when the charge would be processed.*

Payment Requests

Actions	Cut-off Date	Result
Submit Payment Request	9/18/09	For payment in FY09

Travel

Actions	Cut-off Date	Result
Submit Travel Expense Report	9/18/09	For payment in FY09
Submit Travel Advance Request for per diem	9/18/09	For payment in FY09
Submit Travel Mileage Report	9/18/09	For payment in FY09
Submit Prepayment Request for airfare, registration, etc.	9/18/09	For payment in FY09
Last PCARD for Travel Run	9/25/09	For payment in FY09

Invoices

Actions	Cut-off Date	Result
Submit approved invoices for regular PO or Blanket with PTA	9/18/09	For payment in FY09
Submit approved invoices for Blanket with Sundry	9/18/09	For payment in FY09
Last CBORD & VWR Runs	9/25/09	For payment in FY09

Invoices Pending (Accruals)

Actions	Cut-off Date	Result
Submit information regarding transactions and invoices not forwarded to AP for goods received or services rendered prior to 9/30/09	10/09/09 (and ongoing) To: Procurement Services Hotline 103-6	For accrual in FY09, will appear on financial statements, but will not impact PTA's
Continue sending FY09 invoices received after 10/09/09 so that they are captured on the accruals		

Petty Cash Fund Replenishments

Actions	Cut-off Date	Result
Submit request to replenish Petty Cash Fund	9/18/09	For replenishment prior to Year End Dark Period

Encumbrance Closeout and Expenditure Type Changes

Actions	Cut-off Date	Result
Submit request for encumbrance closeout	9/11/09	For FY09
Submit request for expenditure-type change	9/11/09	For FY09
Last run for Wire Transfers	9/25/09	For FY09 payments
Last run for checks, direct	9/28/09	For FY09 payments

NO SYSTEM PROCESSING SEPTEMBER 30. (NO CHECKS, WIRE TRANSFERS, TRAVEL REIMBURSEMENTS, OR TRAVEL ADVANCES WILL BE ISSUED)

Accounting Concepts

Accrued

Caltech uses accrual basis accounting, which is the reporting of all revenues in the period earned, all expenses in the period consumed, all assets in the period purchased, and all liabilities in the period incurred.

Encumbrance

A method for budgeting funds. Encumbrances are funds that have been set aside or “claimed” for projected expenses pending actual expenditure of the funds. At Caltech, funds are encumbered when an E-Requisition is sent or a Purchase Order is created. Certain things are expensed immediately (recorded as spent) these things are not encumbered. They are Payment Requests, Travel, and P-Card transactions.

Expensed

When goods or services are paid for, they are recorded as spent (expensed). P-Card transactions are expensed when they are passed from the P-Card software to Oracle (monthly).

Expensed vs. Encumbered

Caltech projects are funded from multiple sources and have multiple conditions. Some projects are funded by grants and report on a grant year, some are associated with General Budget funds and report on the Caltech fiscal year. Some projects lose unspent funds at the end of the accounting period and others carry them forward. It is important to understand the terms of the project being charged in order to make an informed decision regarding year-end transaction instructions. If the funds will be lost at the end of the fiscal year, a transaction must be expensed (paid) prior to the end of the accounting period.

Financial Reports

Financial Reports prepared by the Office of Financial Services are submitted for independent audit. After audit approval, these reports are included in the California Institute of Technology Annual Report.

Fiscal Year

An accounting year of 12 months, sometimes called a financial year. Caltech’s fiscal year is October 1 through September 30. Caltech reports on its finances annually by fiscal year.

Invoices Pending

Caltech’s financial reports must reflect all activity for the current Fiscal Year, including those transactions that have not yet been processed through Oracle. To meet this requirement, invoices for goods or services that have been received by 9/30/09 must be identified, accrued, and reported as a liability.

Pre-payment

When payment for goods or services is made prior to receipt. Pre-payments are considered a standard business practice for some types of transactions, such as memberships and subscriptions, airfare, rents, insurance premiums, etc. In some circumstances, a Supplier requires a deposit or partial payment. Other pre-payments may be acceptable, when the cost is beneficial to the Institute. Requests for pre-payments should be supported by documentation, including approval of a P.I., Grant Manager, or Division Administrator, and it is the responsibility of the requesting department to ensure that the Supplier provides the goods or services to the Institute. **It is not appropriate to use pre-payment as a means of circumventing the budget process.**

Year-end closing

Multiple groups from the Office of Financial Services perform the tasks that result in the activity “Year-end Closing” for the current fiscal year. These tasks include:

- Gathering transaction data
- Identifying data to be accrued
- Balancing transaction and accrued data
- Preparing financial reports

Questions: Procurement Services Hotline x8900