



**A/P Closing 09/29/20
System Dark:
09/29/20 & 09/30/20**

DATE: August 3, 2020
TO: PS Distribution
FROM: Tina Lowenthal
 Director, Procurement Services
SUBJECT: **2020 Fiscal Year-End Closing**

To ensure that the fiscal year closing is completed as efficiently as possible, we have prepared the following timeline to assist our customers. Please use this as a tool to plan accordingly. The dates below reflect firm cut-offs. Where action is required by Procurement Services (PS), the specified dates indicate when required paperwork or system action(s) must be received by PS to be included in FY20. Explanations of some of the accounting concepts are included on the last page of this memo.

Requisitions & Purchase Orders (With Supporting Documentation)

Action	Cut-off Date	Result
Receive all FY20 Purchase Requisitions (TechMart)	09/11/20	Encumber in FY20 ▲
Enter Purchase Order into system	09/18/20	Encumber in FY20 ▲

▲ GB Funds encumbered in FY20 for which invoices are not paid within FY20 will carry over into FY21 as FY21 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 Caltech.

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.

Payment Requests

Actions	Cut-off Date	Result
Submit Payment Request	09/14/20	For payment in FY20

CardQuest Reports (Goods and Services/Travel)

Goods and Services

Actions	Cut-off Date	Result
Report <u>Submitted</u> and <u>Approved</u> *	09/21/20	Expensed in FY20, will appear in September
Transactions** dated 9/15/20 & before can be expensed in FY20 if a report is <u>Submitted</u> and <u>Approved</u> by 9/21/20	For September 2020 report	Expensed in FY20, will appear in September
Transactions*** dated 09/16/20 & after that are added to an October 2020 report will be expensed in FY21 (do not submit until October reconciliation)	For October 2020 report (must be <u>Submitted</u> and <u>Approved</u> for October reconciliation)	Expensed in FY21, will appear in October

Travel

Actions	Cut-off Date	Result
<u>Submitted</u> and <u>Approved</u> Travel Expense Report	09/21/20	For payment in FY20
Last interface for Travel payments	09/25/20	For payment in FY20

***Submitted and Approved**

All CardQuest reports must be submitted and approved (by the expense approver) by the Cut-off Date.

****Transaction date**

This is the date that Visa 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 Visa. *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.*

***P-Card Transactions charged after 9/7/20 are not guaranteed to be included in FY20. This is dependent on how and when the supplier processes the transaction. Caltech cannot control this.

Invoices

Actions	Cut-off Date	Result
Submit approved invoices for regular PO's	09/09/20	For payment in FY20
Last CBORD & VWR Runs	09/25/20	For payment in FY20

Invoices Pending (Accruals)

Actions	Cut-off Date	Result
Submit FY20 invoices to Accounts Payable for accrual	10/1 – 11/6/20	For accrual in FY20, will appear on financial statements, but will not impact PTA's
Continue sending FY20 invoices received after 10/1/20 so that they are captured in the accruals		

Petty Cash Fund Replenishments

Actions	Cut-off Date	Result
Submit request to replenish Petty Cash Fund	09/14/20	For replenishment prior to year-end dark period

Encumbrance Closeout, Expenditure Type Changes and Cost Transfer Splits

Actions	Cut-off Date	Result
Submit request for encumbrance closeout	09/11/20	For FY20
Submit request for expenditure-type change	09/15/20	For FY20
Splits related to applicable A/P Cost Transfers	09/15/20	For FY20

Payment Runs

Last Wire Transfers	09/23/20	For FY20 payments
Last run for checks, direct deposits, EFT for Suppliers	09/28/20 (Direct Deposits, EFT, Checks)	For FY20 payments

NO SYSTEM PROCESSING ON SEPTEMBER 29 & 30. (NO CHECKS, WIRE TRANSFERS, TRAVEL REIMBURSEMENTS, OR TRAVEL ADVANCES WILL BE ISSUED AFTER THE FINAL RUNS LISTED ABOVE)

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. 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 the A/P closing date must be identified, accrued, and reported as a liability.

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 a Purchase Order is created (*Note: For any Purchase Orders created during the fiscal year System Dark period, their encumbrances will not appear until the following fiscal year in Cognos*). Certain expenditures are expensed immediately (recorded as spent) these expenditures are not encumbered. Examples of immediately expensed items 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 Statements

Financial statements prepared by the Controller's Office are submitted for independent audit. After audit approval, the financial statements can be viewed online on Caltech's website at www.caltech.edu.

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.

Questions? Call the Procurement Services Hotline at x8900