

2011 Procurement FYE (Fiscal Year End) Announcements

YEAR END PO ROLLOVER

- Purchase orders where the original amount is greater than \$2500.00, will have the remaining amounts rolled forward to the new budget year 2011 on July 18, 2011 or before. The PO number will remain the same each year. If PO# CU00001234 FY 2011, then same PO # CU00001234 for FY 2012. Any PO with a remaining amount ≤ \$100.00 will be closed out. Procurement Services is working now toward those closures.
 - Any purchase order where the original amount is less than \$2500.00 does not require rollover from CU buyWays to PeopleSoft. These are simply vouchers where the encumbrance does not exist and only the expense account is booked. These purchase orders are still available in buyWays for processing.
 - There will not be any emergency roll-over requests. They will all be done after invoices are complete and posted for FY 2011.
 - Next FY Purchase Order – any PO entered in buyWays using the 1350 account code will be updated to the appropriate account code via Procurement on July 1, 2011 in both buyWays and PeopleSoft, thus encumbering the proper amount for FY 2012 against the budget ledger.
 - In efforts to give users more options to manage encumbrances, Procurement, will roll-out changes to several forms after July 15th that will give users options to encumber, not-encumber and/or send a copy of a PO or not to a vendor. More details to come as we finalize these.
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VOUCHERS/PAYMENTS

- Effective, **June 1, 2011** - ALL Direct Payment Forms from buyWays will not encumber in the effort to streamline FYE processing.
 - Any invoice where the invoice date is prior or equal to 06/30/2011 without an existing PO should be entered in buyWays as a Direct Payment Form.
 - July 15 Last day (prior to 4:30 pm) to enter and approve all vouchers for goods and services received by June 30, 2011.
 - Invoices dates equal to or after 7/1/2011 that have an existing FY2011 PO, will be held until PO Rollover is complete.
 - The purpose of this PO/Invoice management is to keep the budget ledger for encumbrances correct by Fiscal Year.
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VISA DEPARTMENTAL PURCHASING CARD

- All June procurement card transactions must be classified and approved as of 4:30 pm on Thursday, July 14th for overnight posting to the general ledger.
 - Any corrections or budget amendments necessary to correct procurement card posting errors must be approved by 4:30 pm on Friday, July 15th. Budget check errors resulting from corrections must be cleared by noon on Monday, July 18th.
 - No new fiscal year (July) procurement card transactions will be available for classification and approval until Wednesday, July 20th.
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PREPAID EXPENSES - 1301

- Disbursements made prior to the end of the fiscal year that is an advance payment for delivery of goods and the performance of services in the next fiscal year are reported as prepaid expenses in the current fiscal year.
- Examples: rent, insurance, subscriptions, airline tickets, maintenance agreements, and conference registrations.
- Debits to prepaid expense accounts 1301 will be reversed in July and August of FY2011-2012 by Accounting Services & Related Organizations staffs.

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Guidelines to assist you in making a decision on whether an expense is prepaid follow:

- Payment for services (contract and agreements) exceeding more than one year.
 - Example 1: Payment of a five-year maintenance agreement. Annual contractual payments for services which straddle the fiscal year-end and the charge is incurred during the last two months of the fiscal year, May and June, and the total charge is greater than \$25,000, the charge should be prorated between fiscal years.
 - An annual maintenance agreement is due May 1, 2011 for \$36,000. The charge should be prorated 2/12 maintenance agreement expense \$6,000 and 10/12 prepaid expense \$30,000.
 - Example 2: Individual payments regardless of the amount, except annual contractual payments, for services paid in advance for the next fiscal year should be recorded as a prepaid expense.
 - A registration fee is paid and an airline ticket is purchased in June for a conference in July.
- Exception: A good or service which is consumed during the current fiscal year (even though it is for a program which will generate revenues in the next fiscal year), and the charge cannot be refunded, should not be considered as a prepaid expense.
 - Printing and postage expenses incurred in June for a continuing education meeting to be presented in July should be considered current fiscal year 2010-2011 expenses.

Next Fiscal Year PO - 1350

- The account code <1350> should only be used when a PO is issued in one Fiscal year in order to get the PO to the supplier for fulfillment in the next Fiscal Year.
- Fulfillment means good/services are not received nor invoiced in current fiscal year.
- This account code is simply a placeholder to pass the PO through budget checking and does not hold funds <encumber> for the current FY.
 - Example 1 – A PO is issued for a Fire Truck in May 2011. The Fire Truck will not be delivered nor invoiced until August 2011. The vendor needs a PO from Clemson to build the Fire Truck to Clemson's specifications prior to Fall Semester.

This is an example where the PO is rolled into an expense account for the fiscal year in which the payment is made.

DISCOUNTS AND FEES

- In the Fall of 2010, an Office of Resource Efficiency and Process Improvement, examined the university AP processes and identified two main areas that Clemson needed improvement:
 - Paperless payments
 - Discounted payment terms
 - Clemson University will calculate discount terms by the supplier invoice date.
 - Effective July 1, 2011 all suppliers that are not listed on the exception matrix, will be paid with Net30 terms unless a discount is offered to Clemson University.
Exception Matrix: <http://www.clemson.edu/cfo/procurement/buy/bgmatrix.html>
 - Suppliers of goods and services that continue to receive paper checks will incur a .5% fee per invoice. The fee is taken from gross amount to be paid to the supplier.
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SOUTH CAROLINA CODE OF LAWS – TITLE 11 – Public Finance

<http://www.scstatehouse.gov/code/titl11.htm>

- **SECTION 11-35-45.** Payment for goods and services received by State.
- All vouchers for payment of purchases of services, supplies, or information technology must be delivered to the Comptroller General's office within thirty work days from acceptance of the goods or services and proper invoice.
- Only the lump sum institutions of higher education are responsible for the payment of all goods or services within thirty work days after the acceptance of the goods or services and proper invoice, whichever is received later.

Clemson University will calculate Net 30 days by the supplier invoice date.