TO: Budget Managers

FROM: Jim Pierce
University Controller

DATE: May 26, 2009

SUBJECT: ENCUMBRANCES

The University’s fiscal year ends June 30, 2009. As we prepare to close the fiscal 2008-09 general ledger, please review the following important year-end accounting procedures.

1. Encumbrances (regular and blanket purchase orders), which show as funds reserved against your remaining budget, are only a reminder between your office, the Purchasing Department and the Finance Department that a purchase is anticipated or has recently taken place. While the encumbrance system is important in helping you avoid overspending, it is not recognized by our auditors. Therefore, open encumbrances will not be included in the final expenditures and the University’s financial statements at year-end.

2. All open encumbrances for fiscal 2008-09 will be canceled as we go through the year-end closing process and the audit. They cannot be carried forward to fiscal 2009-10.

3. During July and August, the Accounts Payable department and our auditors will review all financial transactions to ensure that expenses are correctly charged in the fiscal year when goods or services were actually received.

4. Invoices and approved receiving reports, indicating the date of receipt, must be submitted to Accounts Payable by July 17, 2009. If you are submitting the final invoice against a blanket purchase order, include the yellow copy of the purchase order.

5. If the goods or services are not received by June 30, they will be charged to the following year’s budget. If you foresee a problem, please contact our office as soon as possible.

If you have any questions regarding this year-end procedure, please contact me at extension 9564. Thank you.

cc: H. Ferrara