

**DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF ACCOUNTING
MEMORANDUM**

TO: Agency Chief Fiscal Officers

FROM: Paul S. Louthian, CPA 
Administrator

DATE: June 2, 2016

SUBJECT: Important Fiscal Year-End Information

The Department of Finance and Administration's AASIS Service Center (ASC) and Office of Accounting (OA) have prepared the following year-end information to provide assistance to agencies as they prepare for the close of fiscal year 2016, which will be at the **end of business on June 30th**. DFA personnel will be conducting year-end related activities in the AASIS system and agency personnel will be locked out of the system. The AASIS Service Center will unlock user roles by 7:00 a.m. on Tuesday, July 5th.

It is important to note that the portion of Arkansas Code § 19-4-702(a), commonly referred to as the "45 day rule," will be invoked for FY2016 obligations. This will allow appropriation used during the first 45 days of FY2017 to be restored in certain instances. In order for an invoice to qualify under the "45 day rule", the goods/services must be received and a Goods Receipt processed in AASIS by end of business on June 30th and the invoice must be paid during the first 45 days of FY2017 (August 14, 2016).

The use of the "45 day rule" should be limited to "normal" operating expenditures by agencies in the routine course of business. Extraordinary purchases or non-standard items or asset purchases should not be made utilizing the "45 day rule" for this fiscal year.

PLEASE NOTE:

- For any purchase order to be eligible for the 45 day rule the goods receipt must be entered in AASIS as of June 30, 2016. Agencies should NOT reverse goods receipts prior to year-end if they wish the associated purchase order to be 45 day eligible. **Reversing the goods receipt will result in a purchase order not being eligible for the 45 day rule.**

- FY2015 purchase orders will not be carried forward into FY2017. If FY2015 purchase orders are determined to be 45 day eligible by DFA-ASC and DFA-OA, your agency will be notified by DFA-OA and these purchase orders will either need to be recreated or paid via direct invoice. In order for DFA-ASC and DFA-OA to determine if a purchase order is eligible for the 45 day rule, it must remain open and contain a related goods receipt as of June 30, 2016.

The remaining portion of Arkansas Code § 19-4-702(a) and 19-4-702(c) provides that invoices presented for payment in the subsequent fiscal year will be paid from the subsequent fiscal year's funding and appropriation. This is the process that has been followed for many years. Those invoices dated June 30, 2016 or prior and paid within the first 45 days of the new fiscal year that qualify for the "45 day rule" (i.e. must have a Goods Receipt in AASIS), do not require certification, but will need to be coded as a "Y" invoice when the payment is made in the next fiscal year.

If invoices do not qualify for the "45 day rule" (i.e. no Goods Receipt in AASIS) and goods/services were received by June 30, 2016, then agencies must certify that funds and appropriation were available to pay them as of June 30, 2016 when invoices are dated prior to the start of the new fiscal year. In order to readily identify those invoices requiring certification, DFA-OA recommends putting a "C" at the end of the invoice number (YxxxxxxxC). Proper documentation for the certification is to be retained at the agency and available for audit. Items presented for payment for which no certification can be made must be submitted to the Arkansas State Claims Commission in accordance with Arkansas Code § 19-4-702(c).

Please Note: In prior fiscal years, grant payments were not required to be certified, however, this year and in subsequent years the agency will be required to certify that funds and appropriation were available to pay invoices dated prior to the start of the new fiscal year. If certifying federal funds and the funds have not been drawn, the agency must have documentation showing the funds were available to be drawn as of June 30, 2016. This information will be updated in the Financial Management Guide before the end of the fiscal year.

Attachment "A" (Y-Voucher Certification) explains the differences between the rules for when a "Y" should be included in the reference field on an invoice in order to record the invoice as an accounts payable and the rules for the certification process which are very different. All prior year obligations should be recorded as accounts payable either through having been entered in the purchase order system prior to year-end or by including a "Y" in the reference field when entered for payment in FY2017. See attachment for further detailed instructions.

Other areas of importance for your agency to consider include year-end deadlines for items such as requests and deposits of federal funds, BSEG invoice interface processing, inventory counts, off-cycle payroll schedule, new fiscal year payroll schedule, and the final revenue distribution schedule. Each of these areas has additional details that can be found within Attachment "B" (Fiscal Year-End Deadlines).