Y-VOUCHER (PRIOR YEAR OBLIGATION)

A prior year obligation is one for which goods/services were received and accepted prior to June 30, 2016, for which no remittance had been made. These payments must be identified and recorded as Accounts Payable for the prior year. When entering the transaction into the State's accounting system, a prior year obligation must be identified by adding a preceding "Y" reference to the vendor's invoice number in the reference field. For example, if the invoice number is ABC123, you should put YABC123 in the reference field. Due to this addition of the Y to the invoice number, prior year obligations are commonly referred to as "Y-vouchers".

Y-VOUCHER PAYABLES

The term "Y-vouchers" also has been used to refer to the invoices comprising the year-end accounts payable accrual entry created by AASIS transaction ZYVOUCH_SUMMARY. **User and Reporting agencies** and DFA–Office of Accounting–CAFR Section (for **Service Bureau agencies**) extract from AASIS as prior year obligations all invoices paid from July 1 through August 15 which include "Y" as the first character in the reference field. These extractions are then used by the agencies to make journal entries to record these items as June 30 accounts payable.

> Agencies should mark all invoices pertaining to prior year obligations with a "Y". The ZYVOUCH_SUMMARY report is programmed to exclude invoices already recorded in a payable account at 6/30/2016 (e.g., 2110001000 Vendor AP, 2110002000 Employee AP, 2111001000 GRIR Clearing) *even if they have a "Y" as the first character in the reference field*.

DFA–Office of Accounting–CAFR Section will email instructions to **User and Reporting agencies** explaining how to extract the Y-vouchers from AASIS, how to record the accounts payable entry and what supporting documentation will need to be submitted. **Service Bureau agencies** will be emailed Y-voucher extractions with the related journal entries and instructions by August 17, 2016.

Y-VOUCHER CERTIFICATION

Some Y-vouchers must be certified by the disbursing officer with a certification letter. With the certification letter, the disbursing officer is stating that the expenditures have been reviewed, the cumulative amount of all "Y" invoices processed have been monitored and those invoices requiring certification have not exceeded the available appropriation and fund balances as of June 30 of the prior 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. A certification letter must be retained by each agency listing the invoice(s) to be paid. The letter will designate the appropriate business area (agency), funds center (appropriation), commitment item (character code) and fund (Treasury fund or Commercial Bank account). Each certification letter will state the funds center and fund codes and that the balance of each for the previous year was sufficient to pay the invoice. The certification letter will be retained at the agency for review by the Arkansas Legislative Audit of the Legislative Joint Auditing Committee and other interested parties. In order to readily identify prior year obligations requiring certification, it is recommended that the agency put a "C" at the end of the invoice number, for example, YABC123C.

Use the following matrix to determine if the Y-voucher has to be certified**:**

Y-VOUCHER CERTIFICATION MATRIX			
	Process as Y - Certification Required	Process as Y - **NO** Certification Required	Process as Current FY Invoice - **NO** Y and **NO** Certification Required
Goods and Services received in prior FY with invoice dated PRIOR to July 1; does **NOT** qualify for 45-day rule	X		
Goods and Services received in prior FY with invoice dated PRIOR to July 1; qualifies for 45-day rule		X	
Goods and Services received in prior FY with invoice dated AFTER July 1		X	
Credit Cards - includes P-Card, T-Card, WEX card		Process charges dated PRIOR to July 1 as Y	Process charges dated AFTER July 1 as Current FY invoices
Billing Cycle crosses fiscal years: UTILITIES ONLY		Process the entire invoice as Y	
Payroll and employee matching payments (insurance, social security, retirement, etc.) for payroll that crosses fiscal years		Fiscal period to be used determined by State's CFO	
Items paid from: 1 - carry-forward appropriations 2 - construction appropriations		X	
Grants[1]	X		

[1]This is a change from prior years - please refer to memo for additional information.

EXPENDITURES LIMITED TO BUDGET

If there were insufficient funds or appropriation available as of June 30 of the prior year, the invoice cannot be paid and must be submitted to the Arkansas State Claims Commission for payment. The vendor must file a claim for payment of the invoice, and the agency has the chance to deny or accept liability. If the agency accepts liability, the claim is paid from the Claims Commission's revolving Claims Payment fund and a transfer of funds is requested from the agency.

PURCHASE ORDERS WITH INSUFFICIENT BUDGET IN NEW FISCAL YEAR

AASIS Support Center (ASC) will reverse the balance in the GRIR Clearing account prior to coming back up in July 2016. ASC will compile a list of any POs reversed due to insufficient budget. For claims which are **$15,000 and less**, the agency should record an accounts payable at 6/30/2016 in Period 13 for all amounts that had been recorded in the GRIR clearing account as of 6/30/2016 using **transaction FB50** and the list generated by ASC. Vendors must submit a claim to the Claims Commission for approval to receive payment for these items. The Claims Commission will issue payment to the vendor and DFA-OA-Funds Group will reimburse the Claims Commission fund that paid the award via a fund transfer from the paying agency's fund to be charged for the expenditure of the judgment. A subsequent entry which debits accounts payable and credits transfers out should be made by the agency during 2017 to clear the liability. The Claims Commission should make an entry which debits transfers in and credits the non-budget relevant refunds, taxes and claims expense account. When the claim is to be paid from funds not in the State Treasury, the paying agency must deliver a check to the Claims Commission from the agency's cash fund.

For claims which **exceed $15,000**, the agency should record an accounts payable at 6/30/2016 in Period 13 for all amounts that had been recorded in the GRIR clearing account as of 6/30/2016 using **transaction FBS1** and the list generated by ASC. Vendors must submit a claim to the Claims Commission for approval to receive payment for these items. Upon approval, appropriation must be obtained from the General Assembly. The appropriation is designated to the responsible agency and the Claims Commission is named as the disbursing officer.