



STATE OF ARKANSAS
**Department of Finance
and Administration**

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MEMORANDUM

To: Chief Fiscal Officers, Purchasing and Accounts Payable Staff
From: Joseph A. Giddis
Date: May 23, 2006
Subject: 2006 Fiscal Year End Close Materials Management Guidance

The Department of Finance and Administration's AASIS Support Center (ASC), Office of Accounting and Office of State Procurement prepare the following guidance jointly. It is provided to assist agencies in preparing for the 2006 fiscal year end and addresses, primarily, the material management (purchase order) functionality.

For financial statement reporting for FY 2006, purchase orders with goods receipt carried forward and direct invoices carried forward by ASC into FY 2007 and paid in FY 2007 will be reported as FY 2006 expense. All warrants/checks issued in FY 2007 will be charged against the FY 2007 budget and use FY 2007 funding.

All agencies must clean up purchasing documents before year-end to properly reflect their program spending level for FY 2006:

- Eliminate unwanted Purchase Orders
- Close open Purchase Requisitions
- Reduce Open Funds Reservations
- Delete PO lines with discontinued account assignments (those carrying cost center, WBS Element, and/or Internal Order), which will no longer be valid in the new fiscal year.

ASC will carry forward the following open commitments where there is sufficient budget in the new fiscal year to cover the commitment. Agencies should be aware that POs and commitments carried forward into FY 07 must pass a FY 07 budget validation or they will be returned to FY 06 and reversed/deleted in FY 06 by ASC prior to the system being available for normal operations on Tuesday, July 5, 2006.

- Purchase Orders (POs) created in FY 2006 that do not have discontinued account assignments and pass budget validation in FY 2007.
- FY 2006 Posted invoices the do not have discontinued account assignments and pass budget validation in FY 2007.

Exclusions from carry forward:

- **No parked or parked as completed invoices will be carried forward from FY2006 to FY2007**
- **No held Purchase Orders (POs) will be carried forward from FY2006 to FY2007**
- **No Purchase Requisitions will be carried forward from FY2006 to FY2007**
- **No Purchase Orders (POs) created prior to FY2006 will be carried forward even if line items were added in FY2006**
- **Purchase Orders (POs) created in FY2006 will be carried forward if sufficient budget exists in FY2007 to support the entire document**
- **Open invoices will be carried forward if sufficient budget exists in FY2007**
- **No Funds Reservations will be carried forward from FY2006 to FY2007. Open balances must be reduced to zero for year end activities.**

Follow correct accounting procedures. **A Goods Receipt (MIGO) transaction must not be keyed unless the goods or services have actually been received and an Invoice Receipt (MIRO) transaction must not be keyed unless the invoice has actually been received.**

Follow best business practices. **Purchase Orders which require account assignment information changes (cost center, internal Order, WBS Element, Asset number, and /or G/L Account), delete the existing line with the incorrect data and add a new line for the desired account assignment information.** This process ensures budget accuracy and avoids error that might otherwise result from changing the account assignment on an existing line item that has already been posted.

For procurement policy questions email or website jerry.hester@dfa.state.ar.us

For established policy and procedures, please consult the Financial Management Guide for details:http://www.arkansas.gov/dfa/accounting/guide/financial_management_guide.doc

For AASIS courseware,
http://www.state.ar.us/dfa/aasis/AASIS_Training/MATERIALSMGMT/aasis_training_POVIC.html

If you have any questions regarding performing AASIS transactions, please call the AASIS help desk at (501) 683-2255 and log a ticket.