

CONTRACTS AND PURCHASE ORDERS ACROSS FISCAL YEARS

Contracts can be for any period and start at any time of the year.

For example, 1 month, 3 months, 12 months, or multiple years.

Purchase Orders are the method of payment. More than one Purchase Order may be necessary to pay a contract that crosses a fiscal year.

- **One** Purchase Order is created for a product or service that is expected to be delivered by the end of the fiscal year. These can be rolled to the new fiscal year if the product or services is in process. For example:
 - a. An airplane is in the process of being built but there is a supply chain delay for parts to complete the project.
 - b. A consultant is performing an analysis and has invested time during the current fiscal year, but delivery will take place **after June 30th**.
 - c. A product ordered in May is on backorder but expected to be shipped by July or August.
- **More than one** Purchase Order is necessary for services invoiced monthly. These **will not** be rolled to the new fiscal year. Requisitions need to be created that cover the months of the contract in each fiscal year.

CONTRACT is in force for the contract period.

Examples: July 1, 2024 to June 30, 2025 (fiscal year)

April 1, 2024 to March 31, 2025 (across fiscal years)

PURCHASE ORDERS must be generated for months that fall within one fiscal year.

Examples: July 1, 2024 to June 30, 2025

April 1, 2024 to June 30, 2024 and July 1, 2024 to March 31, 2025.

CONTRACT MONITOR: “Responsible for ensuring receipt of goods/services contracted for under this agreement.” Monitors spending.

CONTRACT EXAMPLE

A contract period of 6/1/2024 to 5/31/2025 for an amount not to exceed \$30,000 (1 year contract)

KEY POINTS IN AGREEMENT:

Contract Agreement B. 4.

"In no event shall the liability of the Institution under this Agreement exceed \$30,000."

Contract Agreement C. 5.

"The term of this Agreement shall be from June 1, 2024 to May 31, 2025."

Purchase Order #1:

- ❖ Create a requisition for 6/1/2024 – 6/30/2024.
 - a. Product Description must include:
 - Contract #
 - Service being provided
 - Contract end date
 - *Year # (if a multi-year contract)*
 - Dates this PO will be in use. (i.e. June 1, 2024 – June 30, 2024).
- ❖ Create receipts for services performed **up to 6/30/2024**.
 - a. The Purchase Order for FY 23/24 will be closed after the last invoice is paid.

Purchase Order #2:

- ❖ Create a requisition for 7/1/2024 – 5/31/2025.
 - b. Use Accounting Date 7/1/2024.
 - c. Product Description must include:
 - Contract #
 - Service being provided
 - Contract end date
 - *Year # (if a multi-year contract)*
 - Dates this PO will be in use. (i.e. July 1, 2024 – May 31, 2025).
 - d. The Requisition Amount will be the balance of the contract. (The "shall not exceed" amount). **For example:** If you have paid invoices this FY for \$20,000, your new requisition for FY 24/25 will be \$10,000.
 - e. Inform your vendor they will receive a new Purchase Order for FY 24/25 and to use this PO# on invoices for services provided from July 1, 2024 to May 31, 2025.