

Accrued Expenses

Thresholds:

Accrued Expense – required for items \$5,000 or more for UA, CTF, Alumni, Capstone, DAF, 1831 and LSF. For UA after October 15, threshold increases to \$25,000 and is analyzed through November. For CTF after July 15, threshold increases to \$10,000.

1. In accordance with generally accepted accounting principles, The University of Alabama and its Foundations should report transactions in the proper fiscal period. For that reason, expenses are recorded in the period when goods are received and/or services are rendered. The University of Alabama, Capstone Foundation and 1831 Foundation fiscal years run from October 1 to September 30. Alumni Association, Crimson Tide Foundation, Donor Advised Fund and Law School Foundation fiscal years run from July 1 to June 30.
2. Goods and/or services received on or before September 30 (June 30 for Alumni, CTF, DAF and LSF) must be recorded as an expense in the fiscal year ended September 30 (June 30 for Alumni, CTF, DAF and LSF). If they are received after September 30 (June 30 for Alumni, CTF, DAF and LSF), they will be recorded in the new fiscal year. It is important to note that neither the budgeting process nor the purchasing process has any bearing on when a transaction is recorded for financial accounting purposes.
3. Accrued adjustments are intended to ensure that the annual financial statements present fairly, in all material respects, the financial results for the year.
4. Accounts Payable, Purchasing and Purchasing Card Services currently review all items submitted for payment. For accrued expenses that are Concur transactions, the invoice date should be reviewed. If the work was performed/goods received in FY2020 for UA and Sept 30 Foundation year ends, enter 9/30/20 or prior (6/30/20 or prior for June 30 year ends) to ensure that the invoice is recorded to FY2019 even if the actual invoice date on the invoice is 10/1/20 or later (7/1/20 or later for June 30 year ends).

*During the year-end closing period, pcard transactions will be separated to the appropriate fiscal year by credit card transaction date.

**There will be no fiscal year indicator in Concur.

Accrued Expense:

1. A cost greater than \$5,000 that is incurred in the current fiscal year, but has not been paid prior to the fiscal year-end accounts payable closing date (typically mid-October/July) will be considered an accrued expense. When goods are received and/or services are rendered in the current fiscal year, an expense must be established in the current fiscal year.
2. **Concur and Accrued Expenses** – For Concur invoices, departmental users should carefully enter the invoice date for the request. The invoice date should reflect when the goods were received or when the services were performed. This may not coincide with the actual invoice date on the invoice. The invoice date determines the fiscal year placement of the invoice. If the work was performed in FY2020 for UA and Sept 30 Foundations, enter 9/30/20 or prior (6/30/20 or prior for June 30 Foundations) to ensure that the invoice is recorded to FY2020 even if the actual invoice date on the invoice is 10/1/20 or later (7/1/20 or later for June 30 Foundations). Accounts Payable will review these items to ensure that the appropriate invoice date is used and may change the invoice date prior to final approval.
3. Examples of Accrued Expenses:
 - Typical accrued expenses are monthly statements, such as telephone, utilities and credit card bills. The reporting of these expenses by the vendor is often delayed and the invoice may not be received before the accounts payable deadline (typically mid-October/July).
 - Receipts for travel advances that have not yet been received prior to the accounts payable deadline.
 - Equipment/item has been received as of September 30/June 30; however, no invoice has been sent/received from the vendor prior to the accounts payable deadline.
 - Contractor has not yet invoiced for work performed in the current fiscal year prior to the accounts payable deadline.

Summary of Responsibilities:

Departmental users:

- **Accrued expenses** (expenses incurred in the current year but not paid until the next fiscal year): Be sure to carefully enter the invoice date in Concur. The invoice date for payment requests should reflect when the goods were received or the services were performed. This may not coincide with the actual invoice date on the invoice.

Accounts Payable/P-Card Services:

- **Accrued expenses:** Check the invoice date to be sure that the invoice date in Concur is consistent with the date when the work was performed or the goods were received. Change the invoice date, if necessary. The invoice date is key to Financial Accounting & Reporting's accrual process.

Financial Accounting & Reporting:

- **Accrued expenses:** The invoice date from Concur will feed to the Banner invoice date. For approximately the first two weeks of the new year, the transaction date will be determined by the invoice date and changed to old year – 9/30 (or 6/30) when needed. Following these two weeks, Financial Accounting & Reporting will run reports that pull invoices for review and accrual.

Updated by Charles Poole, 7/29/2020