

## section VII

### fiscal management

#### fm-4 Procedures For Prior Year Commitments

Prior year commitments (PYC) are obligations for goods and services provided to MCCCCD by vendors or employees in the prior fiscal year for which expenditure accruals were not recorded in the prior fiscal year and for which invoices from vendors or payroll personnel action documents or timecards were not received in Accounts Payable or Payroll for payment processing until the current fiscal year. Because current year budgets are charged for PYCs, appropriate review and approvals are necessary in order to demonstrate compliance with Governing Board Policy under policy type Executive Duties & Responsibilities and policy title Financial Condition which reads:

With respect to the actual, ongoing condition of the District's financial health, the Chancellor shall avoid fiscal jeopardy and material deviation of actual expenditures from Board Goals priorities. Accordingly, he or she shall:

1. Avoid expending in any fund more than has been received and carried forward in the fiscal year.
2. Avoid in any fiscal year expending funds or indebting the District in an amount that reduces the ending General Fund balance to less than eight percent of General Fund revenues recognized during the fiscal year.

Monitoring method and minimum frequency are internal, twice a year. Accordingly, the following procedures will be followed for any PYC received in Accounts Payable or Payroll at the District Office for payment processing.

#### Accounts Payable or Payroll PYC Less than \$100,000

1. In the month of July each year, any PYC may be processed for payment with fiscal agent approval. A detailed listing of PYCs paid will be provided by Accounts Payable and Payroll to the Director of Financial Services/Controller immediately following the month-end closing of July books of record. Please note that for Payroll timecard PYCs, it is assumed that all colleges submit documents to the District Office Payroll Department after review by the college fiscal office. Accordingly, fiscal agent approval is assumed once received by Payroll. For other Payroll personnel actions and Accounts Payable PYCs, OGF, e-mail, or written fiscal agent approval is required.
2. After August 1 each year, the appropriate functional supervisor must also approve a detailed listing of any PYC PRIOR to payment processing. Specifically, the Accounts Payable supervisor will formally approve all accounts payable PYCs; the payroll supervisor will formally approve all payroll PYCs. The listing will include an explanation of why the item was submitted after the close of the prior fiscal year.
3. After October 1 each year, any PYC for \$10,000 OR LESS EACH must also be approved by the appropriate College President (or Vice Chancellor for District Office), or designee, PRIOR to submission to the District Office. A detailed listing of PYCs along with an explanation of why the items were submitted after the close of the prior fiscal year must be approved by the Director of Financial Services/Controller PRIOR to payment processing.
4. After October 1 each year, any PYC for MORE THAN \$10,000 EACH must also be approved by the appropriate College President (or Vice Chancellor for District Office) PRIOR to submission

administrative regulation appendices  
**section VII**  
**fiscal management**

appendix number

**fm-4 (cont'd)**

to the District Office. A detailed listing of PYCs along with an explanation of why the items were submitted after the close of the prior fiscal year must be approved by the Director of Financial Services/Controller PRIOR to payment processing.

5. Semiannually (as of December 31 and June 30), the Director of Financial Services/Controller will submit to the Vice Chancellor for Business Services a monitoring report of the total number and dollars, by fund and college, of Accounts Payable and Payroll PYCs approved and processed for payment fiscal-year-to-date. The Vice Chancellor for Business Services will advise the Chancellor of any unusual or extraordinary items.

**Accounts Payable or Payroll PYC \$100,000 or Greater**

Regardless of when received at the District Office for payment processing, PYCs \$100,000 or greater must be approved by the Fiscal/Financial Officer, College President or Vice Chancellor, Vice Chancellor for Business Services, and the Director of Financial Services/Controller PRIOR to payment processing. The Vice Chancellor for Business Services will advise the Chancellor of any unusual or extraordinary items.

Please note that approval of PYCs by individuals serving in an official acting capacity in the absence of another is acceptable. Designees for PYCs less than \$10,000 after October 1, however, must be specifically designated by the College President or Vice Chancellor. Please contact the Director of Financial Services/Controller at 480-731-8571 with any questions.

Date Received At D.O.	Approval Required Prior to Payment Less than \$100,000	Approval Required Prior to Payment \$100,000 or Greater	Documentation Required
Month of July	Fiscal/Financial Officer	Fiscal/Financial Officer College President/VC VC for Business Services Director of Financial Services/ Controller	Detailed listing of amounts paid by Fund and College
August 1+	Fiscal/Financial Officer Account Payable or Payroll Supervisor, as appropriate	Fiscal/Financial Officer College President/VC VC for Business Services Director of Financial Services/ Controller	Detailed listing of amounts paid by Fund and College with explanation
October 1+ \$10,000 or less	Fiscal/Financial Officer College President/VC or Designee Director of Financial Services/ Controller	Fiscal/Financial Officer College President/VC VC for Business Services Director of Financial Services/ Controller	Detailed listing of amounts paid by Fund and College with explanation
October 1+ Greater than \$10,000	Fiscal/Financial Officer College President/VC Director of Financial Services/Controller	Fiscal/Financial Officer College President/VC VC for Business Services Director of Financial Services/ Controller	Detailed listing of amounts paid by Fund and College with explanation

AMENDED through the Administrative Regulation Approval process, March 11, 2002