

## Using Prior Year Funds on the Purchase Card

**Always consult your Budget and Fiscal Officer before using prior year funds!!**

As a general reminder, prior Fiscal Year (FY) funds should not be used to make reoccurring payments to vendors in the following FY (e.g., make monthly payments to a vendor in FY 2013 with FY 2012 funds). Funds committed on IAS requisitions are de-committed when the Contracting Officer awards the procurement and uses his or her purchase card as the payment vehicle. This is to ensure the funds are not double obligated for the same procurement, and to make the funds available for payment on the purchase card. Since these funds are not obligated in FMMI after the purchase card procurement is awarded in IAS, these funds may not be captured on the FY period end estimate.

This does not affect procurements where the reoccurring payments in the following year will be made with current year funds (e.g. FY 2013 monthly payments are made with FY 2013 funds).

Service Contracts can be paid via credit card; however, this can only be done if using CURRENT year funds.

Based on appropriations law, service contracts must be **obligated** by the end of the current fiscal year. We cannot pay for these **via credit card** through the next FY using prior year funds. The statement below was taken for the Principles of Appropriations Law:

*Thus, the primary purpose of 31 U.S.C. § 1501 is to ensure that agencies record only those transactions which meet specified standards for legitimate obligations... If a given transaction does not meet any of the criteria, then it is not a proper obligation and may not be recorded as one. Once one of the criteria is met; however, the agency not only may but must at that point record the transaction as an obligation. While 31 U.S.C. § 1501 does not explicitly state that obligations must be recorded as they arise or are incurred, it follows logically from an agency's responsibility to comply with the Antideficiency Act.*

One time payments using prior year funds are acceptable provided it is in accordance with appropriations law (e.g., paying for office supplies purchased at the end of the FY and the charge does not hit the purchase card until early October).

Please consult your Budget and Fiscal Officer for guidance.