HSC OP: 50.30, Year End Close Processes and Deadlines

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish the deadlines, policies and requirements for completing the annual financial close process for the Health Sciences Center (HSC).

REVIEW: This HSC OP will be reviewed on April 1 of every year (EY) by the Director of Accounting Services and the Director of Purchasing, with recommendations for revisions forwarded to the Vice President and Chief Financial Officer by April 15.

POLICY/PROCEDURE:

1. Definitions.
   a. **Fiscal Year End (FYE)** – August 31st of each year
   b. **Close** – September 10th of each year
   c. **FOAP** – Fund, Organization, Account, and Program
   d. **FOP** – Fund, Organization and Program

2. Deadlines. Various deadlines exist to facilitate the annual financial close process for TTUHSC. Year-end deadlines are posted to the Business Affairs Calendar available under the Finance Channel on the F&A Work Tools tab of the WebRaider portal. Year-end deadlines are also published each year at the following website: [http://www.fiscal.ttuhsc.edu/training/Newsletter/yearendFY17.pdf](http://www.fiscal.ttuhsc.edu/training/Newsletter/yearendFY17.pdf)
   a. **Purchasing**
      1) Encumbrances – Requests for release, increases or decreases to any encumbrances must be received by Purchasing no later than the published year-end deadline, and should be submitted as early as possible to allow for processing by FYE. Requests after that date must first be submitted to the appropriate accountant in Accounting Services.
      2) **Payables, Purchasing Cards, and Travel**
         1) Invoices and Receiving Reports must be received by Payment Services no later than close, but should be submitted as early as possible to ensure processing within the fiscal year.
         2) Purchasing Cards – All purchases made prior to the published purchasing card deadline will be posted to the fiscal year being closed. Allocations should be processed throughout the month of August but no later than two or three business days after FYE, depending on the month end cycle.
         3) Travel Vouchers must be received by the travel office no later than close, but should be submitted as early as possible to ensure processing within the fiscal year.
   b. **Accounting**
      1) Consumable supplies and goods for resale inventories must be counted as of August 31st and a count for all inventories in excess of $15,000 must be submitted to Accounting Services at hscacc@ttuhsc.edu on a Consumable Supplies and Goods For Resale Inventory form available at [http://www.fiscal.ttuhsc.edu/accounting/yep.aspx](http://www.fiscal.ttuhsc.edu/accounting/yep.aspx) no later than the published year-end deadline.
      2) Any claims for amounts in the holding accounts must be received at hscacc@ttuhsc.edu no later than the published year-end deadline. Holding accounts reports are available at [http://www.fiscal.ttuhsc.edu/accounting/reports/](http://www.fiscal.ttuhsc.edu/accounting/reports/).
3) Any claims for amounts in the unidentified wires database must be entered no later than
the published year-end deadline.
4) All internal billings for services must be entered online no later than the published year-
end deadline.
5) All other expense accruals and related supporting documentation must be received by
Accounting Services at hscacc@ttuhsc.edu no later than the business day prior to close.
6) All non-contract revenue and other revenue accruals and related supporting
documentation must be received by Accounting Services at hscacc@ttuhsc.edu no later
than the published year-end deadline.
7) All contract revenue accruals must be entered into the Contracting AR system available
at https://www.fiscal.ttuhsc.edu/contracting/ no later than the published year-end
deadline.
8) All Cost Transfers, Internal Purchase Funding Transfers and Revenue Transfers must be
entered and approved by departmental approvers no later than the published year-end
deadline.
9) Budget Revisions indicating funding transfers and other FOAP adjustments must be
entered into the Budget Revision System no later than the published year-end deadline
so that the related funding transfer can be processed prior to close.
10) All Unclaimed Property, including stale dated checks with an issue date that is on or
before March 1st of the prior calendar year, must be submitted to Accounting Services no
later than May 31st per HSC OP 50.13. Please attempt to submit this information earlier
when possible due to the amount of effort involved in processing the documents. These
amounts will be held in a liability account for two (2) calendar years and may be claimed
through Accounting Services during that time. After that time the property will be
submitted to the state and must be claimed through their Unclaimed Property website.

3. Accruals.

a. **Revenue** – Any amounts earned in the fiscal year being closed but not received must be
accrued. Contract revenue should be accrued via the Contracting/Accounts Receivable
System located at https://www.fiscal.ttuhsc.edu/contracting. When appropriate, non-contract
revenue accruals should be recorded with assistance from Accounting Services. All deposits
should be recorded using the bank deposit date. All deposits posted on September 1st or
after will need to be accrued if they were not previously invoiced or recorded in the
Contracting/Accounts Receivable System.

b. **Expenses** – If goods or services have been received but the invoice has not been received or
cannot be processed by Payment Services prior to close then an expense must be accrued.
E-mail all pertinent information about the expense including FOAP, and whether it is
cumbersome to the appropriate accountant for an accrual entry. Additionally, Payment
Services will notify Accounting Services of any invoice payment exceeding $10,000 that is
processed after year-end close and meets expense accrual criteria. Accounting Services will
evaluate this information to determine if additional accrual entries are needed.

4. Deferrals. Revenue and expense deferrals will be processed as necessary.

a. **Revenue** – Any amounts received prior to August 31st but not earned in that fiscal year must
be deposited using the online cash receipts system located at https://www.fiscal.ttuhsc.edu/cashreceipts with appropriate balance sheet coding to indicate
that it is deferred revenue. Contact your accountant to determine the appropriate deposit
coding.

b. **Expenses** – Payment Services will identify prepaid expenses according to the invoices and
receiving reports received by their office. Payment Services will notify Accounting Services of such expenses for consideration of a year-end deferral entry to record the related prepaid
asset. All prepaid assets should be appropriately expensed in the following fiscal year.
Departments should pay very close attention to grant funds to ensure that all expenses are
recorded in the correct grant year. Refer to HSC OP 65.03 for additional requirements
related to grants.

5. **Fund Balances.** Fund Balance reports are continuously available via Cognos. FSM will provide
notification when all close processes have been completed and that reports may be considered final.

a. **Deficits** – Any FOPs causing a negative fund balance should be corrected when possible. Deficits existing after close must be cleared by the published year-end deadline either by Funding Transfer or Cost Transfer. If either of those requests is not received in Accounting Services by the deadline, the deficit will be covered by the backup FOP indicated on the new fund request. Once a department has been notified of a deficit balance on their fund, it is their responsibility to submit the appropriate transfer forms to clear the deficit prior to the indicated deadlines or accept funding coverage from the backup FOP.

b. **Educational and General Funds (E&G)** – All E&G funds must be fully expended or encumbered prior to close to avoid recapture.

c. The fund balance reported by Accounting Services will be the fund balance of record. Any questions or possible discrepancies in fund balance calculations must be communicated to Accounting Services by the published year-end deadline. If no resolution can be made to define or correct the discrepancy, the fund balance calculated by Accounting Services will be reported. Fund balance questions that existed throughout the year but not communicated to Accounting Services until fiscal year end will not be investigated.

6. **Unclaimed Receipts.** Amounts received which have not been claimed as revenue within six months of the deposit date will be swept from the holding or unclaimed wires accounts and deposited to a scholarship fund.

7. **Grant Accounts.** All deadlines established by grant agreements must be monitored and appropriately communicated by the department receiving the grant. Financial reports will be filed by Accounting Services according to the deadlines communicated. Revised reports will only be issued in extreme cases and must be approved in advance by the Director of Accounting Services. All appropriate revenues and expenses must be recorded on the fund at fiscal year end regardless of the grant end. Failure to adequately manage grant funds may result in further disciplinary action as deemed appropriate.

8. **Deadline Exceptions.** Exceptions to the deadlines included in this OP will be kept to a minimum and may only be granted by the Director of Accounting Services. Continued disregard of the established deadlines may result in further disciplinary action as deemed appropriate.

9. **Forms and Contacts.** Appropriate contact lists and forms are provided on the Accounting Services website at [http://www.fiscal.ttuhsc.edu/accounting/](http://www.fiscal.ttuhsc.edu/accounting/)