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 policies and requirements for complying with year-end deadlines and 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 Directors of Accounting Services and 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 – 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. Fund managers and departmental personnel should comply with published year-end deadlines in order 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 communicated to departments through other communication channels including, but not limited to, the TTUHSC announcements page, and regularly scheduled Finance Division meetings.

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 Contract AR/Billing System located at https://www.fiscal.ttuhsc.edu/contractsubmission/AR/Contract/Select. When appropriate, non-contract revenue accruals should be recorded with assistance from Accounting Services.

   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 the expense should be accrued. E-mail all pertinent information about the expense including FOAP, and whether or not the expense had been encumbered to Accounting Services at hscacc@ttuhsc.edu 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/Prepaids.
   a. Revenue – Any amounts received prior to August 31st but not earned in that fiscal year should be deferred. These receipts should be deposited using the Cash Receipts System located at https://www.fiscal.ttuhsc.edu/cashreceipts with appropriate balance sheet coding to indicate that it is deferred revenue. Contact Accounting Services at hscacc@ttuhsc.edu for assistance in determining 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(s). Departments should pay close attention to grant funds to ensure that all expenses are recorded in the correct grant year.

5. Fund Balances. Fund Balance reports are continuously available via Cognos. Once close processes have completed for the fiscal year, fund balances and reports may be considered final.

a. Deficits – Funds containing a negative/deficit fund balance should be corrected when possible. Deficits existing after close must be cleared by the published year-end deadline either by funding transfers into the fund or cost transfers to move expenses off of the fund. The Fund Manager of the deficit fund is responsible for initiating the appropriate transfers to clear the deficit prior to the indicated deadlines. Deficit fund balances that are not cleared by the published year-end deadline will be covered from the backup FOP that was previously provided by the department either at the time the fund was created, or upon subsequent inquiry from Accounting Services. In the event that fund balance in the backup FOP is insufficient to cover the deficit, the Fund Manager must provide another funding source. In the event Fund Managers do not respond by the deadline, Accounting Services may find a local funding source within the department’s oversight to cover the deficit fund balance.

b. Educational and General Funds (E&G) – All departmental E&G funds not fully expended or encumbered prior to close will be recaptured and swept to institutional E&G funds.

6. Deadline Exceptions. Exceptions to year-end deadlines 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.

7. Forms and Contacts. Appropriate contact lists and forms are provided on the Accounting Services website at http://www.fiscal.ttuhsc.edu/accounting/