

July 8, 2011

TO: Vice Presidents, Deans, Directors, and Department Heads

FROM: Linda B. Kettler
General Accounting Services

SUBJECT: FY11 Closing Procedures

PURCHASE REQUISITIONS

- Purchase requisitions are currently required on all purchases of goods and services that exceed \$5,000 on **state** and **local** accounts.
- Purchasing deadlines for submitting purchase requisitions against FY11 and FY12 were listed in a memo from Procurement Services dated March 22, 2011 and are on the Procurement Services web page at: <http://purchasing.tamu.edu/ssps/>. They are also posted on FAMIS screen B21.

VENDOR PAYMENTS (VOUCHERS)

FAMIS

- FY12 will be open in FAMIS by **August 8th** to enter limited purchases. Please note that these documents will not be paid until after the first closing in September.
- Do not send your **FY12** documents to Accounts Payable until **September 8th**.
- At the time the new fiscal year is opened there is the option of entering current or new fiscal year on screen 240.
- FY11 will stay open until the month of August is closed on **September 7th**. Invoices, documents or orders for FY11 should continue to be entered until August close. These will appear on the account statement either as a payable or an encumbrance (see Encumbrance and Payables section for further detail).
- Invoices or travel documents received by **5:00 pm, August 23rd** will be guaranteed to be posted using FY11 funds. See Accounts Payable section for further details on receipting items.

AggieBuy

- For any goods/services received prior to 08/31 the requisition should be funded with the current fiscal year and receiving completed on the PO prior to August closing. The new fiscal year (FY12) should not be used to fund an order received prior to 08/31.
- For any goods/services received after 08/31 the requisition should be funded with the new fiscal year. Invoices for these purchase orders will not be able to be processed until the new fiscal year opens on September 8th.

ENCUMBRANCES

- Encumbrances are items or services that have been ordered in the current fiscal year but have not been received. An encumbrance will carry forward funds and budget balance from the current to the new fiscal year.
- All orders placed or travel booked prior to **August 31** must be entered in AggieBuy or FAMIS (for employee travel reimbursements/expenses). If in FAMIS a limited or exempt document must be created and then closed on-line to establish an encumbrance for that order. Any AggieBuy PO created and approved (PO Complete) prior to **September 7th** will create an encumbrance for the current fiscal year, unless the new fiscal year is selected for funding in AggieBuy.

PAYABLES

- Payables are obligations for goods and services that have been received and deemed to be acceptable as of August 31, but have not been paid.
- All other obligations of record at August 31 should be considered encumbrances: the obligation has been made, but payment cannot be rendered since the goods or services have not been received.
- How does a department create a payable?
 - As soon as the goods or services are received the department should do receiving on 321 through 326 in FAMIS or on the receipt screen in AggieBuy on the appropriate PO.
 - On the night of August closing (Sept. 7th) FAMIS will run a program called YER217 that will create a payable on the GL and an expense on the SL. That program only records any documents that have receiving entered in FAMIS/AggieBuy and have **not** been paid. This liquidates that portion (items recorded in FAMIS/AggieBuy as received) of the encumbrance and creates a payable until reversed in the new fiscal year (see below).
 - In September in the new Fiscal Year FAMIS will run a reversal program of the YER217 to reverse the payable recorded to the GL and the expense to the SL. This will reestablish the encumbrance.

PAYMENT/TRAVEL CARD TRANSACTIONS

- The JP Morgan Chase/Citibank August statements will be posted to FAMIS as normal before the end of August.
- The JP Morgan Chase/Citibank transactions that occur during the month of August for the September statement will be posted to FAMIS as an AFR entry on **September 5th**.
 - Transactions through August 31 must be reallocated by **5:00 pm, on September 2nd**.
 - The transactions through August 31 will be reversed in early September. Then through the normal process the entire September statement will be posted to FAMIS in late September.
 - In the new fiscal year you will see a credit in FAMIS for all transactions up to August 31st. Then for all transactions on the September statement you will see as

charges with the net effect being the transactions that occur between the 1st of the month and the statement closing date.

CASH DEPOSITS, ACCOUNT RECEIVABLES AND INTERDEPARTMENTAL TRANSFERS

- iPayment files for FY11 must be created on or before **August 31, 2011** and closed no later than **10:00 am, September 1, 2011**. **Files closed after 10:00 am September 1, 2011 will be posted in FY12.**
 - We recommend that extra iPayment files be created for this purpose. Any unused files can be closed at a later date.
- **For those departments posting their own ACH deposits, the notification for August 31, 2011 ACHs is received on September, 1 2011, please do not enter these into iPayments. Send an email to ar@tamu.edu requesting a manual posting to the appropriate account for FY11.**

EXTENSION OF CREDIT APPROVAL

- All departments extending credit must have prior written approval to be in compliance with System Regulation 21.01.04 Extension of Credit. Please review the regulation at <http://finance.tamu.edu/fmo/sales/docs/Ext-Credit-Collection-Proc.asp>.
 - This regulation was revised February 2, 2009. If your written approval letter on file is dated prior to this, you must submit a new request. The extension of credit request form is located at <http://finance.tamu.edu/fmo/sales/docs/ExtCreditRegulation.asp> under the 'written documentation' link.
 - FMO has several letters in the approval process. If you are unsure if your department has submitted a new request, please contact us at ar@tamu.edu.
 - The extension of credit request requires that departments include Extension of Credit and Collection Procedures. Guidelines for writing these procedures are located at <http://finance.tamu.edu/fmo/sales/docs/Ext-Credit-Collection-Proc.asp>.
 - **Please submit new forms to Sales and Receivables by 5:00 pm, September 1, 2011.**
- Certification letters will be mailed on August 1, 2011 to those departments with an approval letter on file to verify the information is up to date. **Please return these forms to Sales & Receivables by 5:00 pm, September 1, 2011.**

ACCOUNTS RECEIVABLE WRITE-OFFS FORM 3

- A write-off is a request to remove any uncollectible revenue from the sale of a good or services that is at least 1 year old from a department's account and re-class it as a bad debt expense. **At no time is a department allowed to waive an uncollectable debt without submitting a write-off request. Departments may not reduce or cancel payments due from customers.** This not only includes unpaid invoices, but also includes returned checks that have not been repaid.
- Requests for accounts receivable write-offs should be reported on Form 3 with supporting documentation. Please submit to Sales and Receivables by **5:00 pm, August 1, 2011**. Form 3 is located at <http://finance.tamu.edu/fmo/sales/default.asp>.
- Invoices 1 year old or older or invoices due from customers that have filed for bankruptcy may be written off. For FY11 departments are allowed to write off invoices billed in FY10 and prior. **Documentation for the bankruptcy and collection efforts must be attached.** Departments must provide the total amount of ARs billed during the fiscal years being written off on the form. Documentation showing collection efforts, bankruptcy status and total billing amounts should be attached. The percentage written off should not exceed 10% of the total receivables billed for that particular fiscal year. If the percentage exceeds 10%, a detailed explanation must be attached and signed by the Department Head.
- A State Hold form must be attached for each customer being written off if not previously placed on State Hold. If a Federal ID or SSN is not available, please leave that section blank.

ACCOUNTS RECEIVABLE – FORM 5

- Sales that are recorded in the department's records, but have not been processed in FAMIS by Financial Management Operations, should be reported as accounts receivables and listed on Form 5. These sales are normally in departments that maintain their own set of books for receivables and prepare a financial statement, but it does not exclude those departments that use FMO. Any outstanding receivable reversed by FMO that has not been collected by the departments should be reported on this form. Any current invoices that were not submitted to FMO via iPayment or file feed by August 31, 2011 should also be included. Checks that have been returned as unpaid for deposits and have not been collected should also be included on this form. Form 5 should be submitted for all accounts with outstanding receivables regardless of the ending account balance at year end.
 - Form 5 must be fully completed for each account and supporting documentation must be attached. Please submit to Sales & Receivables by **5:00 pm, September 1, 2011**. Form 5 is located at <http://finance.tamu.edu/fmo/sales/default.asp>.
 - Please note the changes on this form for FY11. There is no longer a requirement to provide the aging of these receivables.
 - **If there are no accounts receivables, please state "NONE" on the form and return to FMO.**

STATE HOLD REQUIREMENTS

- The State requires that we place any **external customer** owing TAMU on State Hold once a payment is past due 120 days or more. TAMU has been allowed to set a threshold of \$100.00. If any one customer owes \$100 or more, you must complete this form, located at <http://www.window.state.tx.us/taxinfo/taxforms/74-154.pdf>. Instructions and more information can be found at http://finance.tamu.edu/fmo/sales/docs/state_hold.asp. **This form must be submitted to Sales and Receivables by Noon, September 1, 2011, for all customers meeting the criteria above that have not already been placed on State Hold. Please attach a copy of each past due invoice.**

PLEDGES RECEIVABLE

- GASB 33 is requiring universities to report any pledges that are outstanding as a receivable. Any outstanding pledges need to be reported as a receivable on the Pledges Receivable Form. Items that are due in 12 months or less are considered “Current” assets while items due in 13 months or more are considered “Non Current” assets. Supporting documentation must be attached. Pledges must be reported on your departmental GL account using subcode 1328 for “current” or short term pledges and using subcode 1329 for “non current” or long term pledges. **The Pledges Receivable Form is to be submitted to Sales and Receivables by Noon, September 1, 2011. The form is located at <http://finance.tamu.edu/fmo/sales/default.asp>.**

DEPARTMENTAL BUDGET REQUESTS (DBRs)

- DBRs received by **5:00 pm, August 26, 2011** will be guaranteed to be processed in FY11.

ACCOUNT BALANCES

- Subsidiary Ledgers **cannot have a negative** budget balance available at August 31st. Accrued cash balance in 02XXXX and 03XXXX accounts **cannot be negative** at August 31st.
- If correcting a deficit balance with a DBR transfer, it must be submitted by **5:00 pm, August 26, 2011**.
- Payroll corrections must be submitted to Payroll Services by **5:00 pm, August 8, 2011**.
- Voucher or IDT corrections received by **5:00 p.m., August 23, 2011, will be guaranteed to be processed in FY11**. Corrections must be submitted to General Accounting Services-Corrections mail stop 6000 or corrections@vpfn.tamu.edu.

- Corrections submitted through the DCR module must be received by **5:00 p.m. September 2, 2011 to be posted in FY11.**
- Requests for transfers from the Texas A&M Foundation for scholarships must be received at the Foundation by **July 22, 2011**, to insure the deposit will be posted in FY10. Requests for other transfers from the Texas A&M Foundation must be received at the Foundation by **August 12, 2011**, to insure the deposit will be posted in FY11.

INVENTORIES ON MERCHANDISE FOR RESALE AND CONSUMABLES

- Inventories of consumable supplies and merchandise for resale as of August 31, 2011 are to be determined and reported to Financial Management Operations on FD403, <http://finance.tamu.edu/fmo/fr/forms/yeinven.pdf> The original Form FD403, after certification by the department head or designated representative, together with the copies of the inventory detail must be received by Financial Management Operations on or before **September 2, 2011.**

PREPAID EXPENSE/DEFERRED REVENUE

- The term “prepaid expense” refers to payments made for goods/services prior to being received. If payment is made in FY11 but the goods/services are not received until FY12 the expense must be booked as prepaid at year end.

Deferred revenue refers to revenues received prior to being earned; for example, receiving payment for a service prior to the service being provided would be considered deferred revenue. If payment is received in FY11 and service will be provided in FY12 the revenue must be booked as deferred at year end.

Similarly, if you have any outstanding items that were recorded as either prepaid expense or deferred revenue at the end of FY10 that were received or earned during FY11, these items will need to be cleared. If you have any items that need to be reclassified to/from prepaid expense/deferred revenue, please submit the Prepaid Expense/Deferred Revenue form <http://finance.tamu.edu/fmo/fr/default.asp> to External Reporting by Friday, September 2nd

PRENUMBERED ADMISSION TICKETS

- Texas A&M University System Regulation 21.01.02 Section 2.4 requires that an inventory of all admission tickets on hand at August 31st be submitted to Financial Management Operations each year. This inventory should be submitted to General Accounting by **5:00 pm, September 1, 2011.**

PROPERTY MANAGEMENT FORMS

- Form FD411, Transfers between System Parts, must be completed by Friday, **August 12th.**
- All TDP On-line Transfers must be completed by the receiving department by **September 9th.**
- TDP On-line Transfers for FY12 can be initiated after notification from Property Management
- Forms FDP4 and FDP414 are also due to Property Management, m.s. 6000 on Friday, **August 12th.**
- Any outstanding FDP-402, Annual Certification of Physical Inventory as required by Texas Gov't Code 403.273, must be completed and turned in by Monday, **August 15th.**

CAPITALIZED SOFTWARE UPDATES

- Any internally developed software with a cost of \$1,000,000 or more in the current fiscal year should be reported to Property Management at mail stop 6000. Costs include base price of software and salary, wages and benefits for labor involved in the development, testing and installation. Please use form FDP-4 for new software and form FDP-414 for additions to existing software assets. Forms due to Property Management by **5:00 pm August 19, 2011.**

GRANTS & CONTRACTS (G&C)

Administered by Texas A&M University Research Services
(For Accounts in the 160xxx (ARP Grants) or 4xxxxx ranges in FAMIS)

If your department has a grant or contract account that ends on 8/31/2011, all expenses should be recorded on the account by August 31, 2011. This includes payroll corrections. Encumbrances cannot be claimed as expenditures at August 31. The grant ending date is displayed on Screen 009 in FAMIS – FRS, SL Grant/Contract Attributes. Please advise TAMU-RS Project Administration if you have expenditures which will not be paid by August 31, 2011. Review screen 008 in FAMIS for name of Project Administrator for an account.

Janet Killion <u>Project Administrators</u>	862-2871	jkillion@tamu.edu	Director
Pam Allen	862-7988	pallen@tamu.edu	Refer to screen 008
Sharon Thigpen	862-7833	sthigpin@tamu.edu	Refer to screen 008
Joanie Birdwell	862-7984	jbirdwell@tamu.edu	Refer to screen 008
Lisa Nimocks	862-1470	lnimocks@tamu.edu	Refer to screen 008



Financial Accountants

Greg Allen	845-8117	g-allen@tamu.edu	Federal Sponsors
Jean Adam	845-8114	jadam@tamu.edu	State of Texas Sponsors
Kay Leonard	845-0979	kleonard@tamu.edu	Private, Foreign Sponsors

WEB SITE

***This memorandum and attached forms are available on the Web at**
<http://finance.tamu.edu/fmo/gas/year-end.asp>