



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 50.30, **Year End Close Processes and Deadlines**

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

REVIEW: This HSCEP 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 submitted to the 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 TTUHSCEP.

a. Purchasing

- 1) Encumbrances – Requests for release, increases or decreases to any encumbrances must be received by Purchasing no later than the last business day prior to FYE, 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.

b. 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 3rd day of September 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.

c. 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 accountingelp@ttuhsc.edu on a Consumable Supplies and Goods For Resale Inventory form available at <http://elpaso.ttuhsc.edu/fiscal/businessaffairs/accounting/Forms.aspx> no later than three business days after FYE.
- 2) Any claims for amounts in the holding account must be received at accountingelp@ttuhsc.edu no later than three business days after FYE. Holding account reports are available at <http://elpaso.ttuhsc.edu/fiscal/businessaffairs/accounting/reports.aspx>

- 3) Any claims for amounts in the unidentified wires database must be entered no later than three business days after FYE.
- 4) All internal billings for services must be entered online no later than four business days after FYE.
- 5) All other expense accruals and related supporting documentation must be received by Accounting Services at accountingelp@ttuhsc.edu no later than the business day prior to close.
- 6) All non-contract revenue (INs) and other revenue accruals and related supporting documentation must be received by Accounting Services at accountingelp@ttuhsc.edu no later than three business days after FYE. The invoice form (IN) is available at <http://el Paso.ttuhsc.edu/fiscal/businessaffairs/accounting/Forms.aspx>.
- 7) All contract revenue accruals must be entered into the Contracting AR system available at <https://aws01.ttuhsc.edu/ARSystem/> no later than four business days after FYE.
- 8) All Cost Transfers, Internal Purchase Funding Transfers and Revenue Transfers must be entered and approved by departmental approvers no later than four business days after FYE.
- 9) Budget Revisions indicating funding transfers and other FOAP adjustments must be entered into the Budget Revision System no later than three business days after FYE 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 HSCEP 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://aws01.ttuhsc.edu/ARSystem>. Non-contract revenue accruals should be accrued via an Invoice Form located at <http://el Paso.ttuhsc.edu/fiscal/businessaffairs/accounting/Forms.aspx>. 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 encumbered 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://aws01.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 HSCEP 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 within two business days either by Funding Transfer or Cost Transfer. If either of those requests is not received in Accounting Services by the second business day following close, 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 within three (3) business days after FYE. 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. Cost transfers will only be processed the two business days following close if they relate to the clearing of deficit fund balances. 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://el Paso.ttuhs.edu/businessaffairs/accounting/>.