

July 11, 2016

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

FROM: Linda B. Kettler  
General Accounting

SUBJECT: FY16 Closing Procedures

### **VENDOR PAYMENTS (VOUCHERS)**

- FY16 will stay open until the month of August is closed on **September 6<sup>th</sup>**, however to enhance the year end process invoices will not be processed after **September 2<sup>nd</sup>**. Invoices, documents or orders for FY16 should continue to be entered until **September 2<sup>nd</sup>**. 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 19<sup>th</sup>** will be guaranteed to be posted using FY16 funds. See Accounts Payable section for further details on receipting items.

### **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** should be entered in Buy A&M/AggieBuy or Concur. Any Buy A&M/AggieBuy PO approved or Concur Travel Request approved prior to **September 2<sup>nd</sup>** will create an encumbrance for the current fiscal year, unless the new fiscal year is selected for funding in Buy A&M/AggieBuy.
- Encumbrance corrections received by **5:00 p.m., August 19<sup>th</sup>**, will be guaranteed to be processed in FY16. Please note that departments should review all open commitments monthly and request corrections for encumbrances no longer valid to [encumbrances@tamu.edu](mailto:encumbrances@tamu.edu).

### 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 Buy A&M/AggieBuy on the appropriate PO.
  - On the night of (Sept. 6<sup>th</sup>) 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/Buy A&M/AggieBuy and have **not** been paid. This liquidates that portion (items recorded in FAMIS/Buy A&M/AggieBuy as received) of the encumbrance and creates a payable until reversed in the new fiscal year (see below). No Concur documents will create a Payable.
  - 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 CARD TRANSACTIONS

- The Citibank August statements will be posted to FAMIS as normal before the end of August.
- The Citibank transactions that occur during the month of August for the September statement will be posted to FAMIS as a normal payment card entry on **September 5<sup>th</sup>**.
  - Transactions through August 31 must be reallocated by Noon, **on September 2<sup>nd</sup>**.
  - Please note that since these transactions will no longer be AFR entries all reallocations must be complete by Noon, September 2<sup>nd</sup>. The reconciliation and approval of these transactions follows the normal deadline, around the 20<sup>th</sup> -22<sup>nd</sup> of the month.
  - Transactions from September 1<sup>st</sup> – 2<sup>nd</sup> will be picked up by FAMIS and posted with the October statement. So the reallocation deadline for those transactions will be around the 20<sup>th</sup> – 22<sup>nd</sup> of October.

### CASH DEPOSITS, ACCOUNT RECEIVABLES AND INTERDEPARTMENTAL TRANSFERS

- iPayment files for FY16 must be created on or before **August 31, 2016** and closed no later than **10:00 am, September 1, 2016**. **Files closed after 10:00 am September 1, 2016 will be posted in FY17. All FY16 revenue that misses this deadline should be submitted on a Form 5.**
  - We recommend that extra iPayment files be created in August 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, 2016 ACHs must be keyed in iPayment on August 31<sup>st</sup>; otherwise send an email to [ar@tamu.edu](mailto:ar@tamu.edu) requesting a manual posting to the appropriate account for FY16.**

### **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://fmo.tamu.edu/general-accounting/sales-receivables/docs/accounts-receivables/extension-of-credit-regulation/>.
- **Departments that do not have FY16 certification letters on file will be contacted directly by Sales & Receivable.**

### **ACCOUNTS RECEIVABLE WRITE-OFF FORM 3**

- A write-off is a request to remove any uncollectible revenue from the sale of goods 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, 2016**. Form 3 is located at <http://fmo.tamu.edu/general-accounting/sales-receivables/>.
- Invoices 1 year old or older or invoices due from customers that have filed for bankruptcy may be written off. For FY16, departments are allowed to write off invoices billed in FY15 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, 2016 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, 2016**. Form 5 is located at <http://fmo.tamu.edu/general-accounting/sales-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://fmo.tamu.edu/general-accounting/sales-receivables/docs/state-hold-procedures/>. **This form must be submitted to Sales and Receivables by Noon, September 1, 2016, 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, 2016.** The form is located at <http://fmo.tamu.edu/general-accounting/sales-receivables/>.

### **DEPARTMENTAL BUDGET REQUESTS (DBRs)**

- DBRs received by **5:00 pm, August 19, 2016** will be guaranteed to be processed in FY16.

### **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 19, 2016**.

### **CORRECTIONS**

- Payroll corrections must be submitted to Tax and Compliance Services by **5:00 pm, August 11, 2016**.
- Voucher or IDT corrections received by **5:00 p.m., August 19, 2016 will be guaranteed to be processed in FY16**. Corrections must be submitted to General Accounting Services-Corrections mail stop 6000 or [corrections@tamu.edu](mailto:corrections@tamu.edu).
- Corrections submitted through the DCR module must be received by **5:00 p.m. September 1, 2016 to be posted in FY16**.

### **TEXAS A&M FOUNDATION TRANSFERS**

- Student scholarships will be paid on Saturday, August 20<sup>th</sup>. To ensure the FMO accounts do not go “negative,” Foundation scholarship transfers should be received by **Friday, August 5<sup>th</sup>** in order to be posted to the FMO account on Friday, August 12<sup>th</sup>.
- To ensure other FMO accounts are not “negative” at August 31, 2016, Foundation transfer requests should be received by **Friday, August 12<sup>th</sup>** in order to be posted to the account by Friday, August 19<sup>th</sup>.

### **INVENTORIES ON MERCHANDISE FOR RESALE AND CONSUMABLES**

- Inventories of consumable supplies and merchandise for resale as of **August 31, 2016** are to be determined and reported to Financial Management Operations on FD403, <http://fmo.tamu.edu/media/66259/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 1, 2016**.

### **PREPAID EXPENSE/DEFERRED REVENUE**

- The term “prepaid expense” refers to payments made for goods/services prior to being received. It does not refer to goods that are included in Consumable or Goods for Resale Inventory. If payment is made in **FY16** but the goods/services are not received until **FY17** 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 **FY16** and service will be provided in **FY17** 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 **FY15** that were received or earned during **FY16**, 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://fmo.tamu.edu/media/66250/PrepaidExpense\\_DeferredRevenue.pdf](http://fmo.tamu.edu/media/66250/PrepaidExpense_DeferredRevenue.pdf) to External Reporting by **Thursday, September 1<sup>st</sup>**.

### **PROPERTY MANAGEMENT FORMS**

- Form FDP411, Transfers between System Parts, must be completed by Friday, **August 12<sup>th</sup>**. Any transfers beyond this date require the approval of the releasing and receiving agencies.
- All TDP On-line Transfers must be completed by the receiving department by **September 2<sup>nd</sup>**.
- Forms FDP4 and FDP414 are also due to Property Management, on Friday, **August 19<sup>th</sup>**
- 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 15<sup>th</sup>**.

### **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, 2016.**

### **SPONSORED PROJECTS (Grants and Contracts)**

**Administered by Texas A&M University – FMO or SRS (Sponsored Research Services)**  
**(For Accounts in the 160xxx (State Appropriated Grants) or 4xxxxx ranges in FAMIS)**

If your department has a sponsored project account that ends on 8/31/2016, all expenses should be recorded on the account by August 31, 2016. This includes payroll corrections. Encumbrances cannot be claimed as expenditures at August 31. The account ending date is displayed on Screen 009 in FAMIS – FRS, SL Grant/Contract Attributes. Please advise the Responsible Accountant shown on Screen 008 in FAMIS if you have expenditures which will not be paid by August 31, 2016 (for projects which end August 31, 2016).

### **WEB SITE**

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