July 3, 2023

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

FROM: Linda B. Kettler

 Operational Accounting

SUBJECT: FY23 Closing Procedures

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

* FY23 will remain open until the month of August is closed on **September 6th.** However, to enhance the year end process invoices will not be processed after **September 1st.**
* FY24will open on **September 7th.**
* Invoices, documents, or orders for FY23 should continue to be entered until **September 1st.**  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 P.M.,** **August 15th** will be guaranteed to be posted using FY23 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 31st should be entered in AggieBuy or Concur. Any AggieBuy PO approved, or Concur Travel Request approved prior to

 September 1st will create an encumbrance for the current fiscal year, unless the new fiscal year is selected for funding in AggieBuy.

* Encumbrance corrections received by 5:00 P.M., August 15th, will be guaranteed to be processed in FY23. Please note that departments should [review all open commitments](http://fmo.tamu.edu/media/66345/instructions_for_cleaning_up_accounts.pdf) monthly and request corrections for encumbrances no longer valid to encumbrances@tamu.edu.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 AggieBuy on the appropriate PO.
	+ On the night of (Sept. 6th) 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). 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**

* Any Payment Card transactions posted to Concur prior to **September 1, 2023** must be imported to an expense report and approved by 5:00 P.M. on **September 1, 2023**.Any payment card transactions allocated to a state account must be imported, submitted, and approved in Concur no later than **September 1st**.

**CASH DEPOSITS, ACCOUNT RECEIVABLES AND INTERDEPARTMENTAL TRANSFERS**

* iPayment files for FY23 must be created with an effective date on or before **August 31st** and balanced no later than **5:00 pm, September 6th.**  Files with an August effective date balanced after 5:00 pm, September 6th will post in FY24. **Files with an effective date of September 1st will be posted in FY24. All FY23 revenue that misses this deadline should be submitted on a Form 5.**
* **FY24 AR** invoices and deposits can be processed in iPayments beginning **September 1st**.
* **FY24 Interdepartmental Transfers (IDTs**) should not be processed until **September 7th**.

 **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 <https://fmo.tamu.edu/sales-receivables/_media/extension-letter.pdf>.
* **Departments that do not have FY23 certification letters on file will be contacted directly by**

**Sales & Receivable**

* **DO NOT send in a new EOC letter.**

**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 P.M. on August 1st.**  Form 3 is located at <https://it-lf-ecmf.tamu.edu/Forms/Year-End-Form-3>.
* Invoices 1 year old or older or invoices due from customers that have filed for bankruptcy may be written off. For FY23, departments are allowed to write off invoices billed in FY22 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 regardless of amount **if not previously placed on State Hold.** If a Federal ID or SSN is not available, please leave that section blank.
* Departments should no longer conduct business with customers that have been written off and/or placed on state hold until the written off debt is paid in full.

**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 31,2023 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 P.M. on September 1st.**
	+ Form 5 is located at <https://it-lf-ecmf.tamu.edu/Forms/Year-End-Form-5>.
	+ **If there are no accounts receivables, please email** **ar@tamu.edu** **with your department code in the subject and ‘No Form 5’ in body.**

**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 an external customer need to be placed on state hold, please contact ar@tamu.edu. For more information visit <https://fmo.tamu.edu/sales-receivables/docs/state-hold.html>**.**

**DEPARTMENTAL BUDGET REQUESTS (DBRs)**

* DBRs received by **5:00 P.M, August 18th** will be guaranteed to be processed in FY23.

**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 P.M., August 18th**

**PAYROLL COST TRANSFER (PCT)**

* Payroll Cost Transfer (PCT Deadline - **Creation of PCT is August 18th.**
	+ Departments are responsible for monitoring approval process to make sure PCTs are **completed before August 21st  by 5:00 P.M.**
	+ **No PCT will process through FAMIS after August 21st**
	+ Any PCT that did not reach final approval in the ECT Processing Office by **August 21st at**

 **5 PM** will be **cancelled at year end and will need to be re-entered in FY24.**

**CORRECTIONS**

* + Voucher or IDT/AR corrections received by **5:00 P.M., August 18th** **will be guaranteed to be processed in FY23**. Corrections must be submitted to Corrections mail stop 6000 or corrections@tamu.edu.
* Corrections submitted through the DCR module must be received by **5:00 P.M., September 1st to be posted in FY23.**

 **TEXAS A&M FOUNDATION TRANSFERS**

* To ensure the TAMU scholarship accounts do not go “negative,” Foundation scholarship transfers should be received by **Friday, August 4th**

in order to be posted to the TAMU account on Friday, August 11th

* For fiscal year end and financial reporting purposes, the Fall scholarships paid in August will continue to be treated as prepaid expense.
* To ensure other TAMU accounts are not “negative” at August 31, 2023, Foundation transfer requests should be received by **Friday, August 11th**  in order to be posted to the TAMU account by Friday, August 18th.

**INVENTORIES ON CONSUMABLES AND ITEMS FOR RESALE**

* Inventories of consumable supplies and merchandise for resale as of **August 31,2023** are to be determined and reported on FD403, https://it-lf-ecmf.tamu.edu/Forms/FD-403.
* Copies of inventory detail must be included on the electronic FD403 submission
* Forms must be routed and approved in Laserfiche on or before Friday, **September 1st.**

**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 **FY23** but the goods/services are not received until **FY24** 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 **FY23** and service will be provided in **FY24** the revenue must be booked as deferred at year end.
* If you have any items that need to be reclassified to prepaid expense or deferred revenue, please submit the electronic Prepaid Expense/Deferred Revenue form <https://it-lf-ecmf.tamu.edu/Forms/Prepaid-Expense_Deferred-Revenue>. Forms must be routed and approved in Laserfiche on or before Friday, **September 1st.**

If you have any items currently recorded as a prepaid expense or deferred revenue that need to be recognized as an expense or revenue earned in FY23, please send the relevant details to

financial-reporting@tamu.edu.

**PROPERY MANAGEMENT FORMS**

* 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 **August 15th.**
* All TDP On-line Transfers must be completed by the receiving department by **September 7th.**
	+ **The source department should contact the destination department to confirm physical receipt and update of the online document**
* The preliminary asset for any Payment Card or Non -PO asset purchase should be manually created by **September 7th**
* Form FDP411, Transfers between System Parts, must be completed by **August 14th.**

Any transfers beyond this date require prior approval of the releasing and receiving agencies.

* Forms FDP4 and FDP414 are due to Property Management, on Monday, **August 31st.**
	+ **Trade-Ins Disposals Gifts**

**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 11, 2023.**

**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 8/31/2023, all expenses should be recorded on the account by August 31, 2023. 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, 2023 (for projects which end August 31, 2023).

 **WEB SITE**

 **\*This memorandum and attached forms are available on the Web at**

<https://fmo.tamu.edu/year-end.html>.

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