June 16, 2021

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

FROM: Linda B. Kettler
       General Accounting Services

SUBJECT: FY21 Closing Procedures

VENDOR PAYMENTS (VOUCHERS)

- FY21 will remain open until the month of August is closed on September 3rd. However, to enhance the year end process invoices will not be processed after September 1st.
- FY22 will open on September 6th.
- Invoices, documents or orders for FY21 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 16th will be guaranteed to be posted using FY21 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 16th, will be guaranteed to be processed in FY21. Please note that departments should review all open commitments monthly and request corrections for encumbrances no longer valid to encumbrances@tamu.edu.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. 3rd) 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, 2021 must be imported to an expense report and approved by 5:00 P.M. on September 2, 2021. 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 FY21 must be created with an effective date of August 31st or before and balanced no later than 5:00 pm, September 3rd. Files with an August effective date balanced after 5:00 pm, September 3rd will post in FY22. Files with an effective date of September 1st will be posted in FY21. All FY21 revenue that misses this deadline should be submitted on a Form 5.
  - FY22 AR invoices and deposits can be processed in iPayments on September 1st.
  - FY22 Interdepartmental Transfers (IDTs) should not be processed until September 6th.

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
• Departments that do not have FY21 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 P.M. on August 2nd**. Form 3 is located at [http://fmo.tamu.edu/general-accounting/sales-receivables/](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 FY21, departments are allowed to write off invoices billed in FY20 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.

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, 2021 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.
  o 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**.
  o Form 5 is located at [http://fmo.tamu.edu/general-accounting/sales-receivables/](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](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/](http://fmo.tamu.edu/general-accounting/sales-receivables/docs/state-hold-procedures/). This form must be submitted to Sales and Receivables by Noon, September 1st 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.

**DEPARTMENTAL BUDGET REQUESTS (DBRs)**

- DBRs received by **5:00 P.M., August 20th** will be guaranteed to be processed in FY21.

**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 20th**

**PAYROLL COST TRANSFER (PCT)**

- Payroll Cost Transfer (PCT Deadline - Creation of PCT is August 20th.
- Departments are responsible for monitoring approval process to make sure PCTs are completed before August 20th by 5:00 P.M.
- No PCT will process through FAMIS after August 20th
- Any PCT that did not reach final approval in the ECT Processing Office before August 20th will be cancelled and will need to be re-entered in FY22.

**CORRECTIONS**

- Voucher or IDT corrections received by **5:00 P.M., August 20th** will be guaranteed to be processed in FY21. Corrections must be submitted to General Accounting Services-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 FY21.**

**TEXAS A&M FOUNDATION TRANSFERS**

• Student scholarships will be paid on August 21st. To ensure the TAMU accounts do not go “negative,” Foundation scholarship transfers should be received by **Friday, August 13th** in order to be posted to the TAMU account on Friday, August 20th.

• 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, 2020, Foundation transfer requests should be received by **Friday, August 20th** in order to be posted to the TAMU account by Friday, August 27th.

**INVENTORIES ON MERCHANDISE FOR RESALE AND CONSUMABLES**

• Inventories of consumable supplies and merchandise for resale as of **August 31, 2021** are to be determined and reported to Financial Management Operations on FD403, [http://fmo.tamu.edu/media/66259/veinven.pdf](http://fmo.tamu.edu/media/66259/veinven.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 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 **FY21** but the goods/services are not received until **FY22** 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 **FY21** and service will be provided in **FY22** 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 **FY20** that were received or earned during **FY21**, these items will need to be cleared. If you have any items that need to be reclass 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 **Wednesday, September 1st**.
PROPERY MANAGEMENT FORMS

- All TDP On-line Transfers must be completed by the receiving department by September 2\textsuperscript{nd}.
  - The releasing department should contact the receiving department to confirm physical receipt and update of the online document

- Form FDP411, Transfers between System Parts, must be completed by, August 13\textsuperscript{th}.
  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 31\textsuperscript{st}.
  - Trade-Ins
  - Disposals
  - Gifts

- 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 31\textsuperscript{st}.

- The preliminary asset for any Payment Card or Non PO asset purchase should be manually created by September 6\textsuperscript{th}.

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 13, 2021.

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 8/31/2021, all expenses should be recorded on the account by August 31, 2021. 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, 2021(for projects which end August 31, 2021).
WEB SITE

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