

TO: Chief Business Officers
FROM: Mary Carr McDonald, Controller
DATE: April 15, 2020
SUBJECT: Year-end Closing Procedures and Schedules

Enclosed is the schedule for processing year-end documents for June 30, 2020. This schedule is provided for your information and guidance as you schedule the year-end activities in your areas of responsibility. A pull-off reminder schedule is included as the last page of this document for your convenience. Please remember that our objective is to record all revenues, disbursements and encumbrances in the proper fiscal year.

Payroll Office

All salary or additional/overtime pay to be charged to FY2020 must be paid through the normal payroll cycles prior to July 1, 2020. Personnel Information Forms (PIF's) and pay adjustment forms to be reflected on the June monthly payroll must be received in the Campus HR/Payroll Office by Monday, June 15th. PIF's for the biweekly pay period ending June 21 are due Wednesday, June 17th.

To be included in the current fiscal year, send payroll checks to be cancelled and salary transfer vouchers to the University Payroll Office by noon Monday, June 15th. Longevity paid in June includes both June and July longevity. The Controller's Office will record wages and benefits in period 12 for the June earnings of the biweekly paid on July 14th and amounts owed to 9-month employees paid over 12 months.

Effort Certification

A final FY2020 payroll will be run on Thursday, July 2nd, 2020 to process June ECR's and salary transfers.

Cash Receipts

Funds must be recorded in the fiscal year they are received. Funds received in University offices prior to the close of business on June 30 must be deposited on separate bank deposit slips and forwarded with a separate Report of Collections (ZK document) dated June 30, 2020, to be received in the Campus Cashier's Office (Bursar) no later than Monday, July 6th, 2020 by 9:00 a.m., preferably earlier. Funds received in University offices beginning July 1 and later will be deposited to fiscal year 2021. It is critical that separate bank deposit slips and Report of Collections (ZK document) be processed for funds received after July 1, 2020.

Accounts Receivable

Please remember to ask all your departments to register any accounts receivable with your office. Please instruct all departments in how to handle outstanding June 30 accounts receivable balances at year end, regardless of whether the department has an existing receivable account in IRIS. Also, please remind all departments of the requirements for writing off accounts receivable. All write off requests must be received in the Controller's Office by July 10th.

Accounts Payable Office

Invoices Entered by Departments: All items that are to be charged to fiscal year 2020 must be entered and approved by midnight on July 13, 2020. The "Posting Date" field on the "Enter Vendor Invoice" screen must be changed to 06/30/2020 for items entered into IRIS after June 30, 2020, that are to be charged to fiscal year 2020. Items entered on or after July 1, 2020, will be charged to the new fiscal year if this posting date is not changed to 06/30/2020. The screen below identifies the correct field to change.

Transactn Invoice Bal. 0.00

Basic Data Payment/Withholding Tax

Vendor Payee
Invoice date Invoice Nbr
Posting Date 06/30/2020 Assignment
Document type Net vendors Co Code UT University of Tennessee
Amount Discount
Remittance Text
IRIS DocHdr Txt
Document Number

0 Items (Screen Variant : UT Parked Invoices 0100)

St...	G/L acct	Short Text	D/C	Amount in doc.curr.	Assignment	Text	Cost center	Order
			Debit					
			Debit					
			Debit					
			Debit					

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During the fiscal year transition, a department may occasionally encounter date restrictions for invoicing against purchase order commitments. The general rule is that a commitment and the liquidation of that commitment must be in the same fiscal year, so that an FY2021 invoice cannot be entered against an FY2020 purchase order (PO) until the PO has been carried forward into FY2021. The department can either change the *Posting Date* of the invoice to 06/30/2020 (to post into FY2020) or hold the invoice until the commitment has been carried forward. Conversely, an FY2020 invoice cannot be entered against an FY2021 PO. The posting date on the invoice must be changed so that it will post to FY2021 as well.

Items Entered by the Accounts Payable Office: All travel related invoices, invoices in foreign currencies and other disbursement items normally sent to Accounts Payable for processing must be received in the Accounts Payable Office by the close of the third working day in July, which is Monday, July 6th. The final processing of these documents will be the eighth working day of July, or Monday, July 13th.

Items Routed to and approved by Campus Business Offices/Accounts Payable Office: All items reviewed and approved by Campus Business Offices and/or the Accounts Payable Office (85xxxxxxx contract invoices, miscellaneous reimbursements, T-27 without contracts, etc.) must be in their IRIS inboxes by the close of the third working day in July, which is Monday, July 6th. The final processing of these documents will be the eighth working day of July, or Monday, July 13th.

Procurement Cards: The June cutoff date for purchases made by departmental procurement cards will be June 25th, 2020. **Purchases made near to or on June 25 are not guaranteed to be posted to June.** The final date to distribute charges through the procurement card system for the June purchases will be July 13th, 2020. The procurement card default account will be charged for all purchases if you are unable to access the procurement card system and distribute and approve the charges by that date. Procurement card purchases made on June 26th – 30th will be charged to the new fiscal year.

Petty Cash: Petty cash funds should be reconciled frequently to ensure that the cash on hand and expenditure receipts equal the amount of the petty cash fund. In addition, the fund must be reconciled at the end of each fiscal year (June 30). Departments will receive a letter, reconciliation forms, and instructions at year end. The forms need to be completed with attached copies of vouchers in transit, bank account statement, and any other information pertaining to the reconciliation. To avoid suspension or fund closure, please submit these forms to the Accounts Payable Office by July 13th. Petty cash funds are subject to audit by university and state auditors.

Travel: Any travel ending July 1, 2020, or later, will be charged to FY2021.

Chief Business Officers should arrange for frequent submission of items ready for processing and immediately initiate procedures to obtain proper resolution and disposition of "problem items."

Undelivered Checks

Undelivered Checks that will be more than twenty-one (21) days old at June 30 should be returned to the Office of Finance (formerly Treasurer's Office) with the returned envelope. These checks should reach the office indicated below no later than Monday, June 15th, by noon.

Payroll Checks: Must be returned to the Payroll Office, Room P115 Andy Holt Tower.

Voucher Checks: Must be returned to the Accounts Payable Office, 301 Andy Holt Tower.

Miscellaneous Checks: All financial aid checks and other miscellaneous checks must be returned to the Accounts Payable Office, 301 Andy Holt Tower.

Controller's Office

The schedule established for the various stages of the year-end closing process by the Controller's Office is as follows:

1. Departments may run an "interim" ledger for June 30th at the close of business on Thursday, July 2nd using IRIS transaction ZDEPT_LEDGER.

The interim ledger will include:

- (a) Invoices which have been entered through Tuesday, June 30th.
- (b) Interfaces which have been processed through Tuesday, June 30th.
- (c) Regular internal transfer documents (ZDs) which have been processed through Tuesday, June 30th.
- (d) SA documents which have been processed through Tuesday, June 30th.
- (e) Salary transfer vouchers received by Monday, June 15th will be included in this report.
- (f) Payroll vouchers including the biweekly payroll for the pay period ending June 21st, paid on June 30th.
- (g) Cash receipts (ZK documents) to the extent they have been accepted for posting. This should include all ZKs except for June 30th.
- (h) Interim F&A and settlement as of the June monthly payroll posting.

The "interim" ledgers should be reviewed so that any necessary corrections and/or adjustments can be processed in time to be reflected in accounting period twelve.

2. June 2020, period 13, and July 2020, period 1 of FY2021, will be opened June 22nd for purchasing and financial transactions. New year items in hand should not be processed in IRIS until this date.
3. The Accounts Payable office will delete or carry forward all remaining financial payment documents (KN's, RN's, ZU's etc.) on July 14th.
4. Any FY2020 parked internal transfers (ZD documents) still on hand at July 14th will be deleted.
5. The accounting close for the month of June (period 12) is scheduled for the fourteenth working day of July, or Tuesday, July 21st.

Departments may print final June 30, period 12 monthly ledgers and reports when notified by the Controller's Office. These ledgers will include all regular June (period twelve) transactions for the fiscal year that were generated by invoices, payrolls (including accruals), salary transfers, cash receipts, and all purchasing activity. Internal transfers and journal entries will be included to the extent that they are processed through the Office of Finance by Monday, July 13th.

Accounting period 13 is designed for final adjusting and closing entries only. Regular business transactions should be completed by the close of period 12.

6. After the close of June, period 12, only corrections, adjustments, closing transfers and journal entries will be accepted for processing against the current fiscal year records. "Current Unrestricted Funds Balance Sheet", Schedule A-10.1 (formerly known as Schedule "K") can be run any time by the CBO's to assist in closing (IRIS transaction ZFMTR028.)
7. Additional potential restricted and unrestricted accounts payable will be identified and sent by July 27, 2020 to each CBO for confirmation. Restricted payables should receive priority.
8. All journal entries affecting restricted accounts should be received in the Controller's Office by Monday, July 27th. Indirect cost adjustments must be received by Monday, July 27th. The final automated overhead run will be entered on Monday, August 3rd, closing restricted accounts.
9. All closing entries for salary and staff benefits including accruals must be received in the Controller's Office by Monday, July 27th. After this date no journal entries with salary or wage GL accounts will be processed for fiscal year 2020. All unrestricted closing entries for expense and income accounts (including auxiliaries) must be received in the Controller's Office by Monday, August 3rd. The Controller's Office will attempt the final closing of this year's records by Monday, August 17th. The final ledgers and reports for the year may be printed upon notice from the Controller.

Please contact the Controller's Office immediately at (865) 974-2493 if unusual needs or situations arise which require special handling or consideration and materially impact financial information.

Outstanding Encumbrances

May 1st is the deadline for requisitions and supporting documentation to be submitted to Purchasing. This deadline must be met for purchase orders to encumber funds by June 30th.

Due to historical and expected volume this year-end, departments are encouraged to submit all procurement requests (NCJ's - both contract and requisition, requisitions and all supporting documentation) as soon as possible. Beginning on May 1st, all requests will be processed in the order received and rush or expedite requests will need to be supported with justification and subject to Purchasing approval.

During the first two weeks of June, all departments must review their purchase requisitions and purchase orders that have an outstanding balance in FY 2020, with special attention to those originally dated prior to 07/01/2020. The Commitments Line Items report FM RP_RFFMEP10X can be run with the selection variant/OUTST.PO.REQ and a Fund or Funds center selection; it lists all active purchase requisitions and orders (not all will have a balance), with opportunity to drill down to the original documents. After the department identifies obsolete requisitions and orders (those for goods or services they do not intend to receive or have already received), they must contact their campus purchasing office to close (**not delete**) the documents and notify the vendors.

All commitments not closed by departmental action in FY2020 will be carried forward to FY2021 by the Controller's Office; please note, there is **no** automatic "clean-up" of commitments at year-end. Commitments (requisitions and encumbrances) left open at June 30 are moved to July of the next fiscal year. Requisitions are moved by July 1. Encumbrances for all outstanding business trips are carried forward by July 1; for travel submitted by the 7th business day, Accounts Payable offices will pay travel ended by June 30 in the old fiscal year. Purchase orders are moved to the new fiscal year by mid-July. Any budgeted funds associated with commitments are not automatically carried forward to next fiscal year. Each campus is responsible for establishing any budget carryover procedures, and any questions related to carryover should be directed to the campus budget office.

Encumbrances are based on the document date (creation date) of the purchase order. For goods or services that will be delivered after June 30, departments must enter the requisition on or after July 1, so the purchase order will encumber next fiscal year's funds.

All old year PO's are carried forward to the new fiscal year right after the deadline for entering old fiscal year invoices. Encumbrances for departmental funds reservations are carried forward on the same day as PO's.

Reserve for Encumbrances

The Reserve for Encumbrances represents an allocation of the current fund balance equal to material outstanding purchase orders as of June 30. The only purchase orders that should be outstanding at June 30 are those for which funds are available in departmental budgets at year-end.

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The purchase order file, after final June 30 checks have been de-obligated, will be the initial basis for the Reserve for Encumbrances. Each business officer should generate and review their outstanding purchase order list for each budget entity. After eliminating amounts representing purchase order payments which are accrued as accounts payable, the remaining purchase orders in the amount of \$2,000 or more will be used to establish the Reserve for Encumbrances.

CBO's have the option to add purchase orders less than \$2,000 to the reserve by sending an itemized list to the Controller's Office per their campus procedures for the Reserve for Encumbrances. The Controller's Office will eliminate the Reserve for Encumbrances and increase the budget entities' fund balances at the beginning of the new fiscal year.

Closing Remarks

In view of the volume and diversity of transactions which must be processed and recorded during the closing process, it is essential that all Business Offices cooperate fully in the timely submission of closing information.

Please distribute this memorandum to all business personnel in your area who are involved in the year-end closing process in order that they may be aware of the target dates which have been established for the various stages of the closing process. Thank you for your cooperation.

MCM:dt

Attachment

**OFFICE OF FINANCE
SCHEDULE OF YEAR END ACTIVITIES
FOR YEAR ENDING JUNE 30, 2020**

<u>DATE</u>	<u>ACTIVITY</u>
May 1	- Deadline for requisitions and supporting documentation to be submitted to Purchasing for purchase orders to encumber funds by fiscal year-end
May 15	- FY2021 will be opened for purchasing transactions (FM Period)
June 15	- Deadline for June monthly payroll forms - Deadline for salary transfer vouchers - Deadline for payroll checks to be canceled to be returned to Payroll - Deadline for all undelivered checks (over 21 days old) to be returned to the Accounts Payable - Deadline for moving allowances to be paid & posted in this fiscal year
June 16	- 25th bi-weekly payroll paid
June 21	- 26th bi-weekly payroll period ends
June 22	- Period 13 (FY2020) and Period 01 (FY2021) will be opened for financial transactions
June 23	- Deadline for FY's 26th bi-weekly payroll forms
June 25	- Deadline for departmental procurement card transaction (for May) to post to period 12 - Interim F&A and settlement is run soon after monthly payroll posts - Last day to make procurement card purchases for FY20
June 30	- June monthly payroll paid - Procurement card transactions (for June) available to verify and approve - Requisitions and business trips will be moved to July at the end of the day
July 1	- Deadline for departments to enter ECR's and STV's
July 2	- Run extra payroll to include June ECR's and STV's (Final FY2020 payroll posting)
July 6	- Deadline for receipt by the Accounts Payable Office of all documents processed by the Accounts Payable Office including invoices, travel related, and other disbursement documents - Deadline for cash receipts to be parked by departments and received in Bursar's Office
July 10	- Deadline for accounts receivable Write-off requests (T-35's)
July 13	- Deadline for cash receipts to be credited by Campus Cashiers (Bursar's Office) to FY2020 - Deadline for distribution of charges on procurement card system - Deadline for processing journal entries that will appear on the period 12 ledgers - Deadline for petty cash reconciliation reports - Final processing of invoices and transfer vouchers for FY2020
July 14	- Parked FY2020 documents deleted - June accounting period (period 12) is closed for SA document entry and internal transfers - Purchase orders, funds reservations and forecasts of revenue will be moved to July at the end of the day
July 17	- Final payroll accrual for bi-weekly
July 21	- Period 12 Treasurer's Report and ledgers may be printed following IRIS announcement
July 27	- All loan fund activities should be closed - Deadline for receiving journal entries that affect restricted accounts - Deadline for receiving F&A (indirect cost) adjustments - Deadline for receiving salary and staff benefit closing entries, including accruals
August 3	- Deadline for receiving remaining final unrestricted expense and income journal entries
August 10	- Final campus fund balance adjustments must be received
August 17	- Final close for FY2020