

Statewide Fund Accounting
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May 21, 2020

To: Julie Queen, Michael Ciri, Ryan Buchholdt, Myron Dosch
From: Wei Guo, Financial Accounting Director
Re: Year-End Finance Closing Instructions

Please find FY20 year-end finance closing instructions at Statewide Fund Accounting's website <https://www.alaska.edu/fund-accounting/>. The payroll close memo will be published by HR separately.

Please note the following items:

- Finance closes on Friday, July 17 for FY20.
- Travel processed in Concur is not encumbered. Travel expenses post in Banner after the Concur expense report is approved by the campus travel auditor (Concur processor role). To ensure that travel which took place in FY20 is posted to FY20, the Concur expense report must be approved through the campus travel auditor by July 15, 2020. Travel is considered FY20 activity when the first day of travel is prior to July 1, 2020. Expense reports where the first day of the travel is after June 30, 2020 will be posted to FY21. All expense reports approved by the campus travel auditor after July 15, 2020 will post against FY21
- Tuition Waiver reports are due to the Chief Financial Officer by September 4, 2020. Please refer to Regulation R05.10.080.
- Cutoff for prior year (FY19) encumbrance (commitment type C) transactions is June 5. Please see VIII, F, 2b.
- All documentation must be submitted in electronic format. Any documents containing bank account numbers, and other sensitive information, such as student ID, etc., should be transferred using a secured method, such as encrypted document or redacted.

- Send backup documents for payments over \$200,000 issued from July 1 to August 31 to Statewide Fund Accounting every Monday for payments made in the preceding week. See VII. All Funds, D. Accounts Payable on page 10.
- Construction work performed prior to June 30, yet billed after, should be recorded as accounts payable in FY20. See VII. All Funds, D. Accounts Payable on page 10.
- All deposits per bank should be recorded. See VII. All Funds, A. Reconciliations, 1. Depository on page 7.
- Guidance for capitalizable costs of buildings, infrastructure and other capitalizable assets is located at VII. All Funds, F. Capital Improvement Expenditures-Capitalized Costs on page 10.
- Clear unidentified deposit account 0777 by the close of finance on July 17.

Please note the following dates:

- FY20 cutoff for prior year (FY19) encumbrance (commitment type C) transactions is June 5.
- FY20 cutoff for journal vouchers is July 17.
- FY20 deadline for entering/tagging fixed asset equipment is July 17.

Due dates included in this memo generally refer to when items are due to Statewide; Campuses may have different deadlines.

Please continue to review current year and prior year encumbrances to ensure active status and to avoid inadvertent lapse of funds. Also, examine the accounts payable open invoice reports and clear out any invalid items.

Thank you for your continued cooperation and assistance in helping close the university's fiscal year.

cc: Nichole Pittman, Julie Vigil, Tanya Hollis, Jason Theis, Carrie Couey, Michelle Pope, Debbie Carlson, Vickie Gilligan, Jon Lasinski, Rosemary Madnick, Wendy Huesties, Amanda Wall, Brian deZeeuw

Fiscal Year-end Finance Closing Instructions

FY20

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Fiscal Year-end Finance Closing Instructions

I. Introduction

These fiscal year-end finance closing instructions are provided to facilitate the closing of the university's books as of June 30 and to facilitate completing the external audit by mid October.

Compliance with these instructions and specific cut-off dates is mandatory. If for any reason, full compliance with a year-end finance closing instruction is not possible, it is critical that this be communicated directly to Wei Guo, Statewide Fund accounting, prior to the due date.

The transmittal form at Section III A, page 4, should be used for transmittal of all year-end data excluding the management report and payroll activity. The transmittal form at Section III B, page 5, is used for submission of inventory instructions sent to Statewide Internal Audit.

Please note that throughout these instructions due date refers to the date documents should be received in Statewide Fund Accounting, or other appropriate department, as indicated.

Contact Information

Statewide Fund Accounting ua-fund@alaska.edu 907-450-8063

Wei Guo
Financial Accounting Director
wguo@alaska.edu
907-450-8063

<i>II.</i>	<i>List of Significant Dates</i>	<i>Page No</i>
	The Payroll/HR close memo is attached as appendix C. Please check the Fund Accounting website or the Payroll/HR website for the most recent copy. http://www.alaska.edu/files/hr/reference.reference.fy_close_procedures_FY20.pdf	
May 18	Notify Internal Audit of dates of physical inventory	14-16
May 29	Inventory instructions due at Internal Audit	14-16
May 29	Continue reviewing encumbrances for validity	17-18
June 5	Last day for prior year (commit type "C") encumbrance transactions (must be paid or liquidated) by 5 PM	17-18
June 30	Last date for issuing and delivering FY20 checks (non-payroll)	13
June 30	List of undelivered checks	13
June 30	Record last check number used (A/P, hand pay & payroll)	13
June 30	Physical count of contents of safes	
June 30	Physical inventory cutoff date	15
June 30	Date goods or services must be received to be FY20 accounts payable	16
June 30	Temporary unrestricted budgets reversed	24
June 30	FY20 permanent budgets are loaded	
June 30	Inventory adjustment to be made by units	14-16
July 2,3	Holidays	
July 7	Capital Improvement Schedule (Fund 5XXXX) due in Statewide	10
July 7	Capital Improvement Componentized Schedule due in Statewide	11
Aug 4	Capital Improvement Schedules (unrestricted and restricted)	11
July 10	Last day for electronic file feeds from other sub systems by NOON	
July 17	Last day for A/P canceled checks to be done	16
July 17	LAST day for unit entry to FY20 by 5 PM	6, 10
July 17	Last day to enter fixed asset equipment	10
July 18	General Ledger roll	24
July 18	Encumbrance roll	17, 25
July 18	Budget roll (finance)	21, 25

II.	List of Significant Dates	Page No
Aug 7	Following items due in Statewide (earlier submission is appreciated):	
Aug 7	Depository reconciliations and reconciling deposit explanations (See VII. All Funds, A. Recons, 1. Depository)	7
Aug 7	Reconciliations for balance sheet accounts	7
Aug 7	Reconciliations for revenue/expenditure account codes	8
Aug 7	Capital Improvement Schedules (unrestricted and restricted)	11
Aug 7	Petty cash and change fund reports (Procedures C-04, C-05)	12-13
Aug 7	List of undelivered checks	13
Aug 7	Last check number issued	13
Aug 7	List of issued unrecorded checks	13
Aug 7	Aged listing on restricted fund receivables	14, 20
Aug 7	Reconciliation of allowance for doubtful accounts	13, 23
Aug 7	Inventory detail	14-16
Aug 7	Analysis of Accounts Payable	16
Aug 7	Year-end encumbrance list	17-18
Aug 7	Auxiliary reconciliations, adjusting entries, detail listings	19
Aug 7	Listing of loan receivables	22
Aug 7	Reconciliations for loan fund accounts (receivables, balance sheet and checking)	22
Aug 7	Analysis of doubtful loans	23
August 31	Last day for Documentation for Unrecorded Liabilities (July 1- August 31) due in Statewide	10
Sept 4	Tuition Waiver Reports under R05.10.080 to CFO	

III. A. Year-end Transmittal Form: *Please submit to Statewide Fund Accounting*

ua-fund@alaska.edu

ALL SUBMISSIONS MUST BE ELECTRONIC TO MEET AUDITOR'S REQUIREMENTS

(If you need assistance on how to encrypt or redact sensitive information call 907-450-8073)

The following are due in Statewide Fund Accounting by August 2 (earlier submission is appreciated).

Mark X if Included	Page No.
<input type="checkbox"/> Depository reconciliations	7
<input type="checkbox"/> Reconciliation of balance sheet accounts (Attach list of account numbers)	7
<input type="checkbox"/> Reconciliation for revenue/expenditure account codes	8
<input type="checkbox"/> Petty cash and change funds report, Procedures C-04, C-05	12-13
<input type="checkbox"/> List of undelivered checks	13
<input type="checkbox"/> Last check #s used - identify type – A/P or payroll hand pay	13
<input type="checkbox"/> List of issued unrecorded checks	13
<input type="checkbox"/> Reconciliation of allowance for doubtful accounts	13, 23
<input type="checkbox"/> Inventory detail	14-16
<input type="checkbox"/> Analysis of accounts payable	16
<input type="checkbox"/> Year-end encumbrance list	17-18
<input type="checkbox"/> Auxiliary reconciliations	19
<input type="checkbox"/> Aged listing on restricted fund receivables	19
<input type="checkbox"/> Loan Fund receivables Specify account # _____	22
<input type="checkbox"/> Loan Fund balance sheet account reconciliations (attach list of accounts)	22
<input type="checkbox"/> Loan fund checking accounts	22
<input type="checkbox"/> Loan fund, analysis of doubtful loans Specify account # _____	23

Date submitted _____ Submitted by _____

Unit _____ Phone # _____

III. B. Year-end Transmittal Form

Please submit to Internal Audit: ua-ia-dept@alaska.edu

	<u>Page</u>
_____ Inventory Instructions	14-16

Date submitted _____ Submitted by _____

Campus _____ Phone # _____

IV. A. System Schedule

The Banner Finance application is real time and does not require the system to be totally shut down to do processing.

The system's scheduled primary availability is from 7:30 AM to 8:00 PM, Monday through Friday. During these hours, there is end user and technical support.

The secondary availability is on Saturdays from 7:30 AM to 4:00 PM. This means if the system is up, the end users can use it, but there is no support staff if problems occur. Maintenance, upgrades, long processing jobs, etc. are also done on Saturdays with prior notice to users.

The system is NOT available on Sunday.

B. IMPORTANT ITEMS FOR June 30

- **All** cashier sessions must be closed and finalized on June 30 by 6 PM to ensure posting to FY20.
- **All** Touchnet uPay Sites and uStores Sites, TMS and Adirondack must be offline between 3 PM on June 30 and 8 AM on July 1.
- **Accounts Payable cut off is July 17. Activity after that date is FY20 activity.**
- Units are not to do journal entries or any other types of transactions against FY20 after July 17. The system does prevent JV's from being processed and scripts will be run to catch other items. Those items will be deleted or reversed for activity posted after that date.
- It is the campuses or units' responsibility to run, print and distribute reports and information timely to meet the audit schedule.
- For year-end closing purpose, the month of June runs from June 1 to July 17. Proposed JVs should be forwarded to Statewide Fund Accounting for approval only if material.

V. Auditors' Schedule

CliftonLarsonAllen, the university's external auditors, will be performing the FY20 audit of the university. The university's internal auditors will be assisting CliftonLarsonAllen in the areas of cash disbursement, payroll, journal entries, year-end cutoffs, cash, plant funds, tuition and fees. Your cooperation with all audit requests is appreciated.

Interim audit fieldwork by CliftonLarsonAllen is scheduled from June 8 to June 12. Interim field work will be handled remotely due to COVID19.

All communication with the external auditors will be coordinated through Wei Guo, Statewide Fund Accounting. If certain dates identified above create an untenable situation for your staff, please contact Wei Guo so the best schedule can be arranged.

VI. Management Report Responses

A. Subsequent to April 2020

No formal management report response will be due for the month of June; however, units should be prepared to respond regarding their lapse or unrestricted fund balance status for FY20.

To assist in these responses and in the units' internal projections, campuses have the ability to run the "S Reports" (FGR2SRP). These reports can be run by a unit at any point in time. It is the units' responsibility to run, distribute and review these reports. Documentation on how to run the S Reports is available on the UA Financial Systems Website.

VII. All Funds

A. Reconciliations

1. Depository

All deposits per bank should be recorded. Depository reconciliations should not show any deposits that are unrecorded in the university accounting system at fiscal year-end. Reconciling deposits must be recorded on the university accounting system by journal voucher before July 17. The entry is:

dr	Cash 0140-XDEP	x,xxx.xx
cr	Unidentified Deposits 0777-XXXXXX	x,xxx.xx

The FY20 reversing journal voucher entry should be prepared at the same time.

The following must be sent to Statewide Fund Accounting by August 7:

- Copy of the FY20 journal voucher and backup.
- Copy of the FY20 reversing journal voucher entry.
- Each unit must provide an explanation listing the deposits and where the receivable, if any, is recorded. The following groupings should be used: sponsored programs, auxiliary, and unrestricted. All Foundation deposits must be identified within the sponsored programs, auxiliary, and unrestricted groupings.

2. Balance Sheet

Each unit will be responsible for reconciling all of the balance sheet accounts for all funds which are administered by their campus with the exception of the excluded balance sheet accounts identified in procedure G-03 in the Statewide Accounting Manual <http://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/G-03.pdf>. Reconciliations of all balance sheet accounts through July 17, FY20 are due in Statewide Fund Accounting August 7.

Any reconciling items between the detail list and the FGRGLTA must be clearly identified with supporting documentation attached. In general, follow the guidance of procedure G-03 plus the instructions given in sections VIII through X of this document.

3. Revenue/Expenditure

Due in Statewide Fund Accounting by August 7.

Four groups of required schedules are described below. These schedules assist in the preparation of the revenue and expenditure portion of the financial statements.

The total of each revenue/expenditure account code should agree to either the campus or unit total on the Banner Finance “M” series reports (FGR2MRP), as of July 17 for FY20.

Schedule 1

- a. Fund 1XXXXXX, account code 9805 miscellaneous income
- b. Fund 1XXXXXX, account code 9860 miscellaneous sales and rental revenue

This schedule should have the following columnar headings:

<u>Org No</u>	<u>Org Title</u>	<u>Amount</u>	<u>Cumulative Nature of Revenue</u>
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The organization (org) number referred to is the lowest level org code. Please provide a description of the nature of the revenue for each org code. 'Other' or 'miscellaneous' is sufficient explanation of the nature of revenue when the dollar amount is less than \$5,000. Additional information may be requested if necessary.

Schedule 2

- a. All unrestricted funds, account code 9410 thru 9475

The purpose of this schedule is to review account codes 9410 thru 9475 in the unrestricted funds to determine if any amounts should be recorded as gift revenue, i.e. recorded in 9478, 9480 or 9485. Please list only the amounts that should be shown as gifts. For additional guidance please email ua-fund@alaska.edu.

<u>Fund No</u>	<u>Org No</u>	<u>Amount</u>	<u>Comments</u>
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Schedule 3

- a. All funds except 6XXXXXX, account code 8341 interest expenditures
- b. All funds except 6XXXXXX, account code 8342 retirement of indebtedness

These account codes are used exclusively with fund 6XXXXXX for debt service and no entries belong in these account codes in other funds. If any items remain uncorrected after July 17, identify these items so that proper consideration can be made in the financial statement preparation. These schedules, if any, have the following columnar headings:

<u>Org No</u>	<u>Reference</u>	<u>Amount</u>	<u>Description</u>	<u>Correction Required</u>
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Schedule 4

- a. Fund 19XXXXX, account codes 91XX, 96XX and 98XX
- b. Fund 10XXXXX, account codes 97XX
- c. Fund 2XXXXXX, account codes 97XX and 99XX
- d. Fund 4XXXXXX, account codes 91XX, 96XX and 97XX
- e. Fund 5XXXXXX, account codes 91XX and 99XX

There should be no entries in these account codes. This schedule (if necessary) should have the following columnar headings:

<u>Org No</u>	<u>Org Title</u>	<u>Amount</u>	<u>Nature of Item</u>	<u>Correction Required</u>
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B. Payroll

The Payroll/HR Processing Fiscal Year 2020 close memo from the Statewide Office of Human Resources is separately published on HR website. Please check the Payroll/HR website for the most recent copy.

Journal Vouchers

It is imperative that the HR system, which maintains the payroll detail, and the Finance system, which posts summary level payroll charges, stay in balance. Therefore, it is essential that labor reallocations be processed through the payroll system in the current fiscal year. Journal vouchers cannot be used for payroll transactions, with the following exceptions:

- Prior fiscal year labor reallocations for transfers only between restricted funds are authorized for journal voucher processing using finance rule code JPAY.
- Prior fiscal year labor reallocations for transfers between unrestricted funds, or transfers between unrestricted and restricted funds must use finance rule code JSPC. These journal vouchers must be sent to SWOHR for approval and processing at SW Finance.

Staff Benefit Rates

New staff benefit rates will be implemented for the R15 payroll based on the prior years' experience and the future years' projection. The chief financial officers of the major administrative units will be notified of the rates.

C. Journal Voucher Entry

All units have the ability to enter journal vouchers for FY20 until 5 PM on July 17. It is the unit's responsibility to complete each journal voucher. Proposed journal vouchers affecting FY20 after July 17 will be entered only if material. Proposed Journal Vouchers with supporting documents must be sent to Statewide Fund Accounting for approval and process.

D. Accounts Payable

Due for payment in regional offices by July 17, original billings should be submitted through regular procedures.

Billings for services performed on or before June 30 must be approved for payment and processed through regular channels by July 17 to be recorded in FY20. It may be necessary to make advance arrangements with the vendors to ensure timely billings. It is preferred that the billings be through June 30, although it is possible to prorate bills that straddle both fiscal years.

In the situation where no billing has been received from the vendor, but the cost of goods and/or services provided prior to June 30 is estimated to be greater than \$200,000, an estimated accounts payable should be forwarded to Statewide Fund Accounting. Such estimates shall be summarized as shown below:

1. Name of Vendor
2. Org, Acct, Fund
3. PO#
4. Estimated Payable

Documentation for Unrecorded Liabilities:

Payments issued from July 1 through August 31 for \$200,000 and greater, from funds 1, 2, 3 and 5, will require backup documentation, showing dates of service, to be sent to Statewide Fund Accounting every Monday for payments made in the preceding week.

E. Fixed Asset Equipment

All capitalized equipment (items costing \$5,000 or more) that was received, or the university had title to, in FY20 must be tagged and entered in the fixed asset module by July 17.

F. Capital Improvement Expenditures—Capitalized Costs

1. Fund 5xxxxx, Unrestricted and Restricted Fund Schedules

Fund 5xxxxx Schedules

On June 5, Statewide Fund Accounting will forward fund 5xxxxx capital improvement schedules including expenditure data to each campus' design and

construction offices. Response schedules are due in Statewide Fund Accounting July 7.

Unrestricted and Restricted Fund Schedules

On July 21, Statewide Fund Accounting will forward unrestricted and restricted capital improvement schedules including expenditure data to each campus' design and construction offices. Response schedules are due in Statewide Fund Accounting August 4.

Instructions for Fund 5xxxxx, Unrestricted and Restricted Fund Schedules

For the following fund groups, 5xxxxx, unrestricted and restricted, identify major upgrades of buildings or grounds. The schedule should be organized by capital project. For each capital project, the following information should be listed:

- Fund-org-program code
- Percent complete at June 30
- Building reference, if applicable
- Short description about nature of work, e.g. renovate classroom or replace water line
- If project is funded from more than one fund or org, report expenses at lowest level
- Group expenses by major account code class, e.g. Salaries, Contractual services.....Other.
- Indicate whether this project should be capitalized or expended with explanations.

Major upgrade of buildings or grounds are total planned expenditures in excess of \$100,000 regardless of year in which paid, where the expenditure is for new construction or for renovation which extends the useful life of the structure fifteen or more years.

2. Componentized Schedules

On June 5, Statewide Fund Accounting will forward schedules for buildings being componentized to UAF, UAA and UAS design and construction offices. Response schedules are due in Statewide Fund Accounting July 7.

For detailed instruction on componentization of assets, please refer to Accounting and Administration Manual found on the Controller's website or follow this link: <http://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/A-27.pdf>

VIII. Unrestricted Funds

All June 30 reconciliations for unrestricted funds are due in Statewide Fund Accounting on August 7. Detailed instructions follow for selected balance sheet accounts. For direction in reconciling the remaining balance sheet accounts please refer to procedure G-03 of the Accounting and Administrative Manual found on the Controller's webpage or

follow this link: <http://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/G-03.pdf>

A. Cash

1. Depositories

- Cash on hand which is not recorded through the cash receipts system as of June 30 will need to be recorded as FY20 activity. Amounts in excess of \$10,000 must be recorded by journal voucher to FY20 prior to July 17 with a reversing entry in FY20. The entry is:

dr	Cash 0140-XDEP	x,xxx.xx	
cr	Revenue XXXXX-9XXX-XXXXXX		x,xxx.xx

OR

cr	Receivable 0264-XXXXXX		x,xxx.xx
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OR

cr	Deposits or other payables 06XX-XXXXX		x,xxx.xx
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Prepare a reversing cycle 01 entry (credits and debits are reversed) and key entries on the same day.

- Campuses where cash is received and deposits are sent directly to the bank by departments other than the business office will need to coordinate the recording of such department collections. The department will need to forward the deposit slips to the campus business office no later than the day after the deposit. All cashier sessions must be closed and finalized on June 30 by 6 PM.
- If month end is not your usual bank statement end date, please email ua-fund@alaska.edu so special arrangements can be made for a bank statement with a June 30th cut-off.

a. Reconciliations

Send June reconciliations of depository accounts to ua-fund@alaska.edu by **August 7**.

- Reconciliation of depository accounts to the FGRGLTA report must be in the format prescribed in the Statewide Accounting Manual procedure G-02. <http://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/G-02.pdf>
- Depository reconciliations should not have any deposits per bank that are unrecorded in the university accounting system at fiscal year-end. Refer to VII. All Funds, A. Reconciliations, 1. Depository on page 7 of year-end instructions for further guidance.
- All reconciling items must clearly show the specific dates and accounts as they appeared on either FGRGLTA or the bank statement.

b. Backup for Reconciliations

- The reconciliations must include a copy of the bank statement as of June 30.
- Copies of deposit slips for all deposits recorded in Banner Finance but not recorded by the bank as of June 30.

- Copy of FGRGLTA report.
- Documentation for all reconciling items with copies of journal vouchers correcting open items.

2. Disbursements/payables and payroll check information

a. Last check issued

Provide to Statewide Fund Accounting, by August 7, the last check number issued on or before June 30, for FY20. This includes a number for machine checks, hand-pay checks and payroll hand pay checks recorded or unrecorded.

b. Undelivered checks

All business offices/units must list any un-mailed and/or undelivered signed checks on hand at the close of business on June 30. This listing includes payroll hand-pay checks, payroll machine checks, accounts payable machine checks and accounts payable hand-pay checks. The list must include:

- check number
- check date
- payee
- amount
- reason why business office still has the check

Email this list to ua-fund@alaska.edu by August 7. If no checks are on hand at June 30, please send an email stating that you have none.

c. Void checks

As is the routine process, please send all original void checks to Statewide Cash Management, Butrovich Building by August 7. Ensure that no FY20 checks are held at the unit.

B. Receivables

1. Accounts receivable

Accounts receivable reconciliations should include aged listings of the receivables.

2. Allowance for doubtful accounts

Reconciliations for the allowance for doubtful accounts should include a summary of the methodology used and backup to support the calculations. Judgment is to be used in the selection of the methodology. One suggestion is to use specific identification for grants and contracts and a percentage method for student receivables. An example of the aging method is given below.

<u>Accounts Receivable Aging</u>		Applicable % (see NOTE)	<u>Allowance for Doubtful Accounts</u>
Current	\$ 200,000	1%	\$ 2,000
30 - 60	50,000	2%	1,000
61 - 180	75,000	20%	15,000

181 - older	<u>125,000</u>	90%	<u>113,000</u>
	<u>\$ 450,000</u>		<u>\$ 131,000</u>

Using this example the allowance for doubtful accounts would be \$131,000.

NOTE: The percentages to be used are your best estimate, the percentages vary with location and economic conditions. The allowance should show a correlation to the annual amount of receivables that are uncollectible. When the balance has been determined, review how close the estimate is to the existing balance in the account and prepare an adjustment if the variable is in excess of \$2,000. If you do have to adjust the account, it is preferred that you make the adjustment so that the allowance for doubtful accounts is rounded to the nearest thousand. Additional guidance may be obtained from Statewide Fund Accounting. This adjustment is to be entered in FY20 by July 17.

C. Prepaid Travel and Concur Travel

Occasionally airline-pricing policies provide an opportunity for the university to realize a savings by purchasing discounted airline tickets in advance of the actual travel date. These tickets are purchased in advance of a specifically planned trip for an identified individual. These tickets should be purchased through the normal purchasing channels with encumbrances against the user's departmental budget, generally in the new fiscal year. Each campus is responsible for maintaining control over unused tickets.

Travel processed in Concur is not encumbered. Travel expenses post in Banner after the Concur expense report is approved by the campus travel auditor (Concur processor role). To ensure that travel which took place in FY20 is posted to FY20, the Concur expense report must be approved through the campus travel auditor by July 15th, 2020. Travel is considered FY20 activity when the first day of travel is prior to July 1st, 2020. Expense reports where the first day of the travel is after June 30th, 2020 will be posted to FY21. All expense reports approved by the campus travel auditor after July 15th, 2020 will post against FY21.

For travel commencing in the new fiscal year (FY21):

- Departmental Travel Card: Departments purchasing these tickets with a departmental travel card in FY21 should use the Prepaid Travel Tickets account code 0446. The FY21 reversing journal voucher should be prepared at the time the expense report is done to move the cost from 0446 to the appropriate expenditure account code. Copies of the original purchase and the journal voucher should be sent to the campus general accounting department for reconciliation of account 0446.

The reconciliation for Prepaid Travel is prepared in accordance with Statewide Accounting Manual procedure G-03. <https://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/G-03.pdf>

D. Inventory

Inventory includes items held for resale such as books, calculators, supplies and consumable items held for department use such as office supplies. Examples are:

Geophysical Institute electronic shop, IMS glassware, utilities supplies and warehouse inventories. Inventory as described here does not include property inventory (equipment, etc.).

This section includes inventory instructions for auxiliaries, service centers, and departmental supplies and consumables. Also included are instructions for auxiliary accounts other than inventory. Inventories are to be conducted for all bookstores and conducted for all centers with consumable or resale inventories that are to be recorded as assets. Inventories in excess of \$50,000 must be recorded as assets.

1. All inventory items held for resale should be counted as of the close of business, June 30. If the physical count is prior to June 30, provision must be made to account for changes in the inventory from the date the inventory is taken until June 30. By May 18, notify Statewide Auditing and Consulting Services (see page 5 for contact information) of the dates and locations that physical inventory counts have been scheduled.
2. Prepare written instructions of the inventory count plan. These instructions should include identification of individuals responsible for the count, date of count, locations to be counted, and procedure for counting (counting is to be done in pairs, use of pre-numbered count sheets, other applicable forms, etc.). Send a copy of these instructions to Statewide Auditing and Consulting Services by May 29.
3. Identify either as a part of the inventory instructions or separately, the costing method to be used. Unit cost must be based on the latest invoice price plus average unit freight. Large units may calculate cost based on the retail method. Identification of the costing method should include a brief summary of what the source of cost information is, i.e. how percentages are calculated for retail method, source of costs, determination of freight costs, etc.
4. All inventory sheets should be pre-numbered and clearly identify the unit and date of inventory. The heading must also identify the specific location, individuals counting those items and date of their count. Columns should be established for description of the counted item, counted quantity, unit cost and extended total cost.
5. Separate listings should be maintained for un-saleable books and other retail items. This will include books and other items which probably will not be saleable during the 2020-20 academic year, and which cannot be returned for credit. This listing should include information similar to that on the inventory sheets. These items will also be a part of the inventory sheets referenced in item 4.
6. After inventory is completed and costed, the inventory reconciliation is to be completed. A sample format follows:

Unit & Operation
Inventory Reconciliation
June 30, 2020

Total cost per inventory detail listing		\$
Less un-saleable items counted in the above (per worksheet)		
Other adjustments (explain in detail)		_____
Adjusted physical inventory		\$ _____
Balance in FGRGLTA, 04XX-1XXXXX, at June close		\$
Inventory adjustment, JV # _____ (attach copy of JV)		_____
Adjusted balance (must equal adjusted physical inventory)		\$ _____

7. Make necessary year-end adjustments to the inventory accounts. These journal vouchers are to be entered by the units by June 30. Attach a copy of the JV to the inventory reconciliation.
8. Email the completed inventory to ua-fund@alaska.edu no later than August 7. Include inventory reconciliation and a copy of written instructions used when inventory was conducted and a copy of the JV used to record the appropriate adjustments.

E. Accounts Payable

Accounts payable are unpaid obligations at June 30 for goods received and/or services performed on or prior to June 30, including all utilities (phones and fuel) even though the statement or invoice for such services may be dated July 1, or subsequent. Summarize payables relating to all funds for inclusion in the year-end closing. Review the Open Payable Report as of the close of June (July 17) and provide to Statewide Fund Accounting a reconciliation of the payables. If payables are correct as listed on the Open Payable Report, submit a statement saying the review has been completed and the report is correct. This is due in Statewide Fund Accounting by August 7.

See Appendix A for information on canceled checks

Adjustments can be made to encumbrances and accounts payable including travel for all funds from July 1 through July 17 for FY20.

After July 17, do not use June 30 as a transaction date.

F. Encumbrances

1. Overview:

The state permits the university to carry-forward funding to the next fiscal year to cover the cost of its encumbrances (outstanding commitments). An encumbrance is defined as the legal commitment of funds for the purchase of goods and/or services which were ordered prior to June 30, but which had not been actually received at June 30. Different state rules apply for Requests for Proposals (RFP) and Information for Bids (IFB).

The FY20 operating budget will be increased for encumbrances. It is important that the university is in compliance with stated rules and regulations and provides proof in the audit trail that it has done so. For this reason FY20 purchase orders (not included as legitimate exceptions) are not to be issued after June 30, 2020 or backdated. The audit trail for the exceptions is outlined below.

2. Important review steps to reduce lapse and for correct reporting.

- a. Delete all invalid encumbrances after a thorough review process of the open encumbrance reports. Invalid encumbrances are unusable and become an automatic lapse in the subsequent year; therefore, it is advisable to free these encumbrances up for re-use.

This procedure should be performed throughout the year, but at the minimum ensure that it is followed in May, June, and July.

- b. Review prior year encumbrances (commit type “C”) and take necessary steps to ensure delivery of goods and services. Unused encumbrances from FY19 will lapse **June 5**. The final date to close commit type “C” encumbrances is **June 5** by 5 PM.

Amounts owed by one segment of the university to another or one fund group (restricted or unrestricted, etc.) to another fund group are not legitimate payables nor encumbrances and should not be on the Open Encumbrance report. See the Statewide Accounting Manual procedure A-17: <https://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/A-17.pdf>. If you need additional guidance email ua-fund@alaska.edu.

3. Encumbrance Roll

The encumbrance roll process will occur on July 18 to allow the best possible closure of both the purchasing and accounts payable areas.

Before the process starts, all **FY20 requisitions** that were not converted to purchase orders will be deleted, regardless of which funds are being used. These requisitions will have to be manually re-entered by the departments if they need to have purchase orders created. All incomplete documents must be removed from the system.

All encumbrances (manual and purchase orders) will be rolled into the new fiscal year. Encumbrances against unrestricted funds will be rolled with a

commit flag of “C” and are subject to lapse. All other funds will be rolled with a commit flag of 'U' and are not subject to lapse.

4. Year-end Reporting

- a. Review the Year-end Encumbrance report as of July 17 to determine its accuracy prior to submission to Statewide Fund Accounting. All outstanding encumbrances will be on this listing. Should there be major errors, report these promptly to the Financial Systems Office.
- b. Email to ua-fund@alaska.edu the Year-end Encumbrance report. This report is to be marked with the codes listed below by August 7.

Prepare the Year-end Encumbrance report as follows. Add a column to the right of the report. This column 'Reason for Carry-forward' is to justify why those orders can be funded from the FY20 appropriation. This column must be done manually on the Year-end Encumbrance report. The following notations must be applied. Variations from the following codes delay our processes and will be returned to the sender.

- 'A' Goods or services not received by June 30.
- 'B' Purchase order issued for items manufactured to specifications fulfilling bid or quote requirements with a delivery date subsequent to June 30.
- 'C' Travel commenced on or before June 30, expense report not filed by June 30.
- 'D' Long lead-time required on order, goods will be received after June 30. (This is appropriate in remote areas that may have outstanding barge orders.)
- 'E' Invoice from vendor not received in a timely manner. Goods have been received prior to June 30. (These items should be recorded as accounts payable items and removed from this list; however, they may appear on this list provided they do not appear on both lists.)
- 'F' IFB authorized and received by procurement by June 1, issued in July.
- 'G' RFP authorized and released by June 6, issued in July.
- 'X' Requires correction per attached explanation. Any X coding explanation must be presented in sufficient detail with copies of supporting documentation. Each unit should make the corrections in the current (FY20) year.

A certain number of "X" items are unavoidable, but a thorough review and cleanup as described in step 2a should eliminate many X items.

5. Ensure that all accounts payable and encumbered items (obligations) are reported.

All obligations at June 30 must appear on either the accounts payable listing or the open encumbrance listing. No item should be on both listings.

G. Establishment of Unrestricted Budget

Temporary budget for FY20 was entered in May and will be available until June 30. Units should have prepared and input continuation budgets according to schedules prepared by Statewide Budget.

H. Auxiliary Funds

This section provides instructions for reconciliation of Auxiliary Fund accounts other than inventory. Instructions for all inventories including auxiliaries are in the section VIII D.

For all accounts, copies of the adjusting entries, reconciliation, and detail listing must be submitted to Statewide Fund Accounting by August 7.

1. Receivables - complete a list of amounts due the university as of June 30 for books and other items sold but for which payment has not been received. This detail listing is to include customer name, invoice amount, and revenue account to be credited. Any of these receivables which are unrecorded are to be entered by the local unit with a journal voucher in FY20 by July 17, and reversed in FY21. The account to be debited will be 0264-19XXXX.
2. Accounts Payable - are not recorded by journal voucher. Accounts payable for goods received by June 30 should be recorded into the correct accounts payable form (FAAINVE) using a transaction date of June 30. Any date can be used for the invoice date.
3. Credit memos - are not recorded by journal voucher. Credit memos relating to goods received by June 30 should be recorded into accounts payable form (FAAINVE) using a transaction date of June 30. Any date can be used for the credit memo invoice.
4. Deferred Revenue - housing system receipts collected in advance for July 1820 or later should be recorded as deferred revenue as of June 30, 2020. Complete a listing of the amounts received prior to June 30 for future periods. The listing should include the payer's name, unit rented, months paid in advance and amount received. The total deferred rent should be recorded to account 0760 - 19XXXX.

IX. Restricted Funds

A. Receivables

1. Aged listing of manually booked receivables is due in Statewide Fund Accounting on August 7.

The aged listing of all manually booked receivables should include identifying fund number, amounts and aging as per outstanding billings.

2. Reconciliation of allowance for doubtful accounts is due in Statewide Fund Accounting on August 7.

A reconciliation of any allowances for doubtful accounts is required and must include a summary of methodology used and backup to support the calculation. The specific identification method is recommended for restricted fund receivables. See also guidance given for unrestricted fund allowance for doubtful accounts in section VIII B 2.

B. Analysis of Debit Fund Balances

The time period for applying adjustments to restricted funds for purposes of recording manual overhead, corrections, or administrative expenditures of federal financial aid programs ends July 17. Any unit not able to enter all adjustments should contact Statewide Fund Accounting for assistance before completing the analysis of debit fund balances.

1. Analysis of debit fund balances and journal entries to record related receivables and revenues should be completed and entered by unit prior to July 17.

To aid in this analysis, prepare a schedule using the June fund-balance report, showing the following headings. The analysis is for all funds with negative ending fund balances only.

<u>Fund No</u>	<u>Title</u>	Ending Balance <u>XXX(1)</u>	Billed <u>(2)</u>	Unbilled <u>(3)</u>	Unbillable <u>(4)</u>	<u>Comments</u>
(1)	Use the June balances (negative balances) as of July 17, or an earlier date when you know all restricted fund entries have been posted.					
(2)	Amount billed as of June 30, does not include billings prepared after June 30. Add comments for any amounts over 90 days old.					
(3)	These are costs that are unbilled at June 30, but are billable under the terms of the contract. Add comments as to when costs will be billed. Note: Costs billed during July should be recorded as FY20 activity. These items will be considered as unbilled as of June 30 and should be included in this column.					
(4)	Costs that are un-billable generally come from either over-expenditures or disallowed expenditures. Add comments if there is a balance in this column. Indicate if provision for this uncollectible amount is already included in Funds 1, 2 or 3.					

The sum of columns 2, 3, & 4 must equal column 1.

2. Journal vouchers to record receivables for each fund with a negative fund balance should be input by July 17. Prepare the entry using the analysis performed in step B 1.

DEBIT: 0264-2XXXXX, miscellaneous accounts receivable, for the amount in the billed column of your worksheet.

DEBIT: 0303-2XXXXX, unbilled contracts receivable (manual), for the amount in the unbilled column on your worksheet.

DEBIT: 0292-2XXXXX, allowance for doubtful accounts, for the amount in the unbillable column on your worksheet.

CREDIT: ORG-9XXX-2XXXXX, various revenue accounts, for the combined sum of the debits.

This entry should be made for each fund with a debit fund balance and prepare a reversing entry for FY21. For the reversing entry:

DEBIT:	ORG-9XXX-2XXXXX
CREDIT	0292-2XXXXX
CREDIT	0264-2XXXXX
CREDIT	0303-2XXXXX

After preparing the accrual cycle entry, review the balance in the combined 0292 allowance for doubtful accounts to ensure that the balance is still adequate. See section VIII B for guidance on allowance for doubtful accounts.

If your provision for doubtful restricted accounts is combined with your unrestricted fund provision, be sure there is sufficient allowance to cover the debit entries to 0292 above. Ascertain that you have not caused your allowance account(s) to have a negative (debit) balance(s).

C. Budget Roll

The budget roll process occurs once on July 18. This rolls available balances into FY21.

D. Closing Restricted Funds

In order for a restricted fund to be closed the following items must be done prior to June 30.

1. Review the fund as reported on the FGRGLTA.
 - a. All asset and liability accounts must be zero "0" (including Interfund - 0521).
 - b. The fund balance, revenue, expenditure and transfer control totals must net to zero "0".
 - c. Budgeted revenue and expenditure must equal each other.
2. Change the fund termination date to June 30. **July is too late to change FY20.**

X. Student Loan Funds

All reconciliations for loan fund accounts are due in Statewide Fund Accounting on August 7. In addition, a reconciliation of all checking accounts as of June close is due on August 7. Detail instructions follow for cash, receivables and the allowance account; however, reconciliations are required for all balance sheet accounts.

A. Cash Accounts

Units that have separate bank accounts for their student loan programs must forward a copy of the reconciliation of these accounts for June 30 monthly reports to Statewide Fund Accounting by August 7. Format for the reconciliations should be the standard 4 - column cash reconciliation. Any corrections required should be recorded at the unit level by July 17 via journal voucher. Copies of the bank statement, deposit in transit slips and any journal vouchers made as corrections must be attached to the reconciliations.

A reconciliation as of June close (July 17) is due in Statewide Fund Accounting August 7. This reconciliation should also include copies of the bank statement and support for reconciling items.

B. Receivables

1. Receivables in Banner Finance:

No reconciliation due in Statewide Fund Accounting, units should review accounts for accuracy.

2. Receivables not in Banner Finance:

Provide to Statewide Fund Accounting by August 7, an aged detail listing of student loan receivables outstanding as of June 30. Categories for aged listing should be:

- Under 30 days past due
- 31 - 60 days past due
- 61 - 90 days past due
- 91 - 120 days past due
- Over 120 days past due

If the receivables report does not agree, a reconciliation to the FGRGLTA as described in item 3 below is required.

3. Reconciliation of detail to FGRGLTA

Prepare a reconciliation showing items which appear on the detail list but do not appear on FGRGLTA, and which items appear on FGRGLTA but do not appear on the detail list. Sample formats are presented in Appendix B.

Explanation of reconciling items should be detailed. The unit is to enter any adjusting entries that are required by July 17.

C. Allowance for Uncollectible Loans

Loans should be reviewed routinely during the year and those determined by the business manager to be uncollectible should be written off to the allowance for doubtful loans account. After this write off has been performed, the remaining outstanding loans should be reviewed to determine any potential loan losses. Nursing loans, as a rule, will be reserved rather than written off. The loans that are considered by the business manager to be potential loan losses should be identified and summarized. A copy of this analysis is due in Statewide Fund Accounting by August 2. Alternatively, any other method of determining the amount that should be reserved for possible loan loss must be forwarded for review. Questions on possible methodology can be discussed with Statewide Fund Accounting. Final entries adjusting loan funds must be made by the unit by July 17 so that reports run for June close reflect the FINAL status of loan funds at June 30.

APPENDIX A Operating in Previous Fiscal Year

There is no special function or accesses needed to perform current fiscal year and prior fiscal year processing. Anyone who can enter a transaction type in the current fiscal year can enter that transaction type in the prior fiscal year. The key to processing in the proper fiscal year is the transaction date. This is true if you are doing a requisition, manual encumbrance, purchase order, invoice, canceled check, journal voucher, or budget entry. There is no fund type restriction on processing prior fiscal year activity.

Year-end closing is done by three major processes: the general ledger roll, encumbrance roll and budget roll. In order to record information in the most correct fashion, the following year-end approaches are used:

- (1) On July 18 the general ledger roll will be performed. This job sets up the application to handle the old fiscal year as the accrual cycle and places beginning balances into the new fiscal year. Once this job is processed the system will update the ledgers appropriately.

If, for example, there is a charge for FY20, the system will record the charge in FY20 and automatically update the fund balance for FY20.

If the charge is for FY21, the system will only update FY21.

The temporary unrestricted budgets that were established in May will be reversed on June 30. If budget is not entered by then, users will get the NSF message on the items they are trying to process.

Until 5:00 PM on July 17, end users can work in both fiscal years. As stated before, the key to recording items in the correct year is the transaction date. The transaction date will default to the current date for every transaction. The user must clear the field and enter June 30, 2020 when they are trying to affect FY20.

Follow your campus deadlines for requisitioning. It is critical to abide by them in order to allow the procurement offices time to change the requisition into a purchase order. All FY20 requisitions must be deleted before the encumbrance roll process. **This must be done by the users or the campus representatives before July 17.** If any requisition that was deleted needs a purchase order, that requisition will need to be reentered by the department, or use “copy” feature.

Invoicing can be done against FY20 by using a transaction date of June 30. This should be done for all items received on FY20 purchase orders, prior to the encumbrance roll. Invoicing can also be done against FY21 by using a transaction date in July. This should be done for all items received on FY21 purchase orders.

Checks that are printed in July will be reflected in FY20, with a debit to accounts payable control and a credit to the bank account. Checks issued prior to July 1 can be cancelled (voided) against FY20 by using the check cancel date of June 30.

If an FY20 check is to be **canceled and not reissued**, go to the cancel check form (FAACHKS) for processing. Enter cancel date as June 30, cancel check as Y and reestablish payable as N. This can be done until July 17.

If an FY20 check is to be **canceled and a reissue will be done**, go to the cancel check form (FAACHKS) for processing. Enter cancel date as June 30, cancel check as Y and reestablish payable as Y. This can be done until July 17.

Closing of purchase orders and manual encumbrances for FY20 should be done in the normal fashion, but using the June date.

- (2) On July 18 the encumbrance roll process will be done. **Prior to this process all FY20 requisitions that have not been converted to purchase orders will be deleted.** It will also roll encumbrances (both manual and purchase orders) into the new fiscal year. Depending on the fund type, the system will either set the record with a commit type of 'C' (committed) and tracked for lapse purposes or 'U' (uncommitted) and not tracked for lapse purposes.

Once the encumbrance roll is done, **no encumbrances can be entered against the old fiscal year.** Also, no invoicing or canceling of checks into FY20 by using the transaction date of June 30, 2020 is permitted. The transaction date on all invoices should be in July or August, etc. depending on the current month. The user can do invoicing against FY20 or FY21 purchase orders by using the current date and can do any number of partial invoices as necessary. Should the user enter an invoice against FY20 (transaction date of June 30, 2020) after the roll is complete, the system will force that to be the final payment. This also causes system problems. Please do not make any payment to FY20 after 5 PM on July 17.

Units are not to do entries against FY20 after 5:00 PM on July 17. The system does prevent this, but under some circumstances records can be processed in error. Therefore, scripts will be run and items deleted or reversed for activity posted after that time.

- (3) On July 18 the budget roll process will be done. This will roll the available balances for the appropriate funds. This will roll both revenue and expense budgets. If any transactions are manually entered to these funds in the accrual cycle after the budget roll, manual budget adjustments to FY20 will have to be performed. After this process is completed no activity against funds that are project related can be done.

APPENDIX B

STUDENT LOAN RECEIVABLES RECONCILIATION FORMAT

**STUDENT LOAN RECEIVABLES
RECONCILIATION**

June 30, 2020

June 30, 2020 – June close (July 17) (Report FGRGLTA)

Reconciling items:

1. Loan receivables (disbursements) not booked but appear on detail listing	X
2. FY20 loan payment received after June 30, 2020 cash receipts cutoff date	X
3. Other (provide detail and explanation)	<u>(X)</u>
June 30, 2020 adjusted balance	<u>X</u> (1)

(1) Should agree with the manual detail listing of student loans receivable as of June 30, 2020 and the accrual cycle FGRGLTA.

NOTE: Any required adjustments to balances (from 1, 2, or 3) must be made by journal voucher prior to July 17, 2020.

