



UNIVERSITY OF MARYLAND

OFFICE OF THE CONTROLLER

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May 27, 2022

MEMORANDUM

To: Vice Presidents, Deans, Directors and Department Chairs

From: Lillian Nash, Controller

Subject: FY 2022 Year-End Closing for Current Funds

Consistent with prior years, this Memorandum is intended to summarize general operating guidelines for the FY 2022 year-end closing. The primary purpose of the year-end close is to disclose the financial positions of the University as of the end of the fiscal year in accordance with Generally Accepted Accounting Principles (GAAP). Our reported and audited information is then consolidated into the financial statements of the University Systems of Maryland as well as the Comprehensive Annual Financial Report (CAFR) of the State of Maryland (the "State"). As such, your role in ensuring the completeness and accuracy of the accounts within your scope of responsibilities is crucial to the University's eventual disclosure to the State as well as the public.

Financial management responsibility is delegated by the President to the Vice Presidents and, in turn, to Deans and selected major program managers. The closing process is conducted by college and "major responsibility area" (MRA). Vice Presidents, Deans, and other persons serving as MRA managers have responsibility for efficient use of funds and may find it necessary to make adjustments among accounts within their areas of responsibility before the year-end closing.

The business officer for your college, division, or department has more detailed information on these matters and on any procedures that may have been instituted by your Vice President or Dean. A schedule of cut-off dates for various types of accounting transactions, as well as year-end guidance, is available at www.KualiFinancial.umd.edu. In addition, the appendix includes supplemental guidance about year-end procedures for your consideration.

My staff and I are available to assist you in this process. Please do not hesitate to contact me if you have any questions or concerns.

Appendix

Accounts Payable (A/P): If amounts are owed to vendors for goods or services received by June 30, and where payment was not posted in KFS for FY 2022, an accrual of expenditure should be recorded in FY 2022 with supporting documentation.

Prepaid Expenses: If expenditures have been recorded this year for items that benefit operations in a future fiscal year, those expenditures should be reclassified as “prepaid expenses” with the expense deferred to FY 2023. Examples include, but are not limited to, prepaid rents, insurance premiums, deposits, and items paid for future travel.

Unearned Income: If income, which is significant in amount, has been collected in the current fiscal year for an event or activity which the University will not conduct until a subsequent fiscal year, those revenues should be deferred to the year in which earned.

Requests for accruals of expenditures, prepaid expenditures, and unearned income, that are significant in amount, and substantiated with supporting documentation such as vendor invoices and delivery receipt confirmation, may be processed in KFS using the Auxiliary Voucher document. These transactions will be recorded in the period noted ‘Close 2022’. Please note the final Auxiliary Voucher with all attachments and approvals from fiscal officers and CBOs should be routed to General Accounting by Monday, July 11, 2022 to be posted in KFS by Wednesday, July 13, 2022.

Contract and Grant funds: Indirect cost recoveries are recorded as a percentage of funds expended from contract and grant accounts. Accordingly, it is important to ensure that all valid charges against such accounts are posted by the FY 2022 closing deadlines.

FY 2022 Balances Carried Forward to FY 2023: Fund balances will roll forward into the new fiscal year on the balance sheet and can be viewed in KFSWeb by account. Accounts in the deficit should be reviewed and resolved to the extent possible. Finance Committee policy requires deficit reduction plans for all accounts with a negative fund balance of \$25,000 or more at year-end.

Clearing accounts: Departments are expected to reconcile clearing accounts monthly. Year-end reconciliations based upon June 30 closing data must be provided to Controller’s Office, 4113 Chesapeake Building, by close of business on Friday, July 1, 2022. As a general rule, clearing account balances should be brought to zero each month and at year-end. However, we recognize that modest balances are inevitable and ask that such balances be limited to one or two weeks of activity and be immaterial in amount. Exceptions to this practice should be justified in writing along with the year-end reconciliation.

Inventories: Departments that maintain inventories of warehouse materials or goods for resale are asked to submit June 30 inventory information to Controller's Office, 4113 Chesapeake Building by close of business on Friday, July 1, 2022.

KFS Web reports will be available as of June 30 (first close) for review on Friday, July 1, 2022. FY 2022 Year-End interim (second close) occurs for the campus between July 1 and July 15. Entries to affect FY 2022 should be done using the Year End documents on the main menu of KFS unless otherwise noted above. These entries should be adhoc routed to appropriate CBOs for approval and final documents should route to the Controller's Office by Wednesday, July 13, 2022.

Questions regarding these guidelines and procedures may be addressed to Kathy Moody, extension 5-2595 or krichar5@umd.edu. Questions regarding the details of specific transactions should be addressed to the business officer of your division, college, or department.

We appreciate your cooperation as we work together to achieve a smooth fiscal year closing.