The policy sets forth certain basic system-wide requirements to define the OUS fiscal year, quarterly and monthly accounting periods, closing dates and the accounting transactions to be included with each accounting period.

OUS seeks to ensure that the policies and procedures related to the fiscal year, quarterly and monthly accounting periods are documented, communicated, clearly understood, and consistently applied.
.120 AUTHORITY

- ORS 351.085 - Duties and Powers of Chancellor
- OAR 580-040-0005 - Delegation and Assignment of Responsibility
- IMD 6.001 - Finance and Business Affairs Accounting Policies - Assignment of Responsibility

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Approved by the Associate Vice Chancellor for Finance & Administration/Controller on April 10, 2007. The effective date of this policy is July 1, 2007.

.140 KNOWLEDGE OF THIS POLICY

All institutional and Chancellor's Office personnel with financial management responsibilities

.150 DEFINITIONS

NONE

.160 RESPONSIBILITIES

A. CHANCELLOR'S OFFICE

- Establishing policies related to system-wide standards to define the OUS fiscal year, quarterly and monthly accounting periods, closing dates and the accounting transactions to be included within each accounting period.

B. INSTITUTIONS

- Closing monthly, quarterly and annual accounting periods by the established closing dates.
- Ensuring that accounting transactions are recorded in the correct accounting period.

.210 FISCAL YEAR ACCOUNTING PERIOD

The fiscal year for the Oregon University System is July 1 through June 30.

.220 QUARTERLY ACCOUNTING PERIODS

Each fiscal year is divided into four quarterly accounting periods. The quarterly accounting periods are:

- Quarter 1: July 1 through September 30
- Quarter 2: October 1 through December 31
- Quarter 3: January 1 through March 31
- Quarter 4: April 1 through June 30
.230 MONTHLY ACCOUNTING PERIODS

Each fiscal year is divided into 12 monthly accounting periods. Each monthly accounting period goes from the first day of the month to the last day of that month. The monthly accounting periods are numbered 1 - 12:

- Period 1: July 1 through July 31
- Period 2: August 1 through August 31
- Period 3: September 1 through September 30
- Period 4: October 1 through October 31
- Period 5: November 1 through November 30
- Period 6: December 1 through December 31
- Period 7: January 1 through January 31
- Period 8: February 1 through February 28 (or 29 during a leap year)
- Period 9: March 1 through March 31
- Period 10: April 1 through April 30
- Period 11: May 1 through May 31
- Period 12: June 1 through June 30

In addition to the 12 monthly accounting periods, there is also a beginning balance period referred to as "period 00" and a fiscal year-end closing period referred to as "period 14."

The purpose of period 00 is to roll general ledger fiscal year-end balances to beginning balances for the current fiscal year. The beginning fund balances are static and remain the same throughout the year.

The purpose of period 14 is to accrue all year-end entries necessary for closing the books and preparing the annual financial statements.¹

.300 CLOSING DATES - GENERAL

A. SIGNIFICANCE OF PERIOD CLOSING DATES

Once an accounting period is closed, no additional accounting transactions may be posted to it. The closing date represents the institution's financial position as of the end of that accounting period. The accounting balances on the closing date represent a period-end measurement that does not change.

Once an accounting period is closed, it is not reopened. Under extreme circumstances, an institution may request authorization from the Associate Vice Chancellor for Finance & Administration and Controller or his/her designee to reopen a closed accounting period.

¹ Banner accounting software allows for up to 13 accounting periods, a beginning balance period (00) and an accrual period (14). During the 1995 Banner FIS implementation, OUS chose to adopt 12 monthly accounting periods, along with the beginning balance period (00) and the accrual period (14). Although Banner allows for different methods of defining the FIS accounting periods, for year to year consistency, OUS accounting periods will not change and all institutions are required to follow the same accounting periods.
B. TIMING OF PERIOD CLOSING DATES

Due to the month-end, quarter-end, and year-end accounting that must take place, institutions cannot close the accounting period at the end of business on the last day of the period. Instead, institutions record period-end accounting transactions in the beginning days of the subsequent period. Examples of period-end accounting include:

1. Receiving, processing, and recording of invoices from vendors pertaining to goods or services received in the period being closed.
2. Processing internal feeds of Banner subsidiary ledgers and institutional departmental billing systems related to the period being closed.
3. Preparing travel reimbursements pertaining to the period being closed.
4. Preparing period-end inter-institutional journal vouchers (IIJVs) pertaining to the period being closed.
5. Redistributing procurement card transactions to the correct funds and accounts.
6. Other period-end processing, such as processing depreciation.

C. MEASURING OF PERIOD CLOSING DATES

Period end closing dates are to be determined based on the number of work days after the last day of the accounting period. A work day refers to a day that the OUS Chancellor's Office is open and therefore does not include weekends or holidays. Some institutions close all operations on Veteran's Day; therefore, for purposes of this policy, Veteran's Day is considered a holiday. "Governor's Days" are considered work days since the Chancellor's Office is open.

Using the "number of work days after the last day of the accounting period" method changes the actual closing date from period to period, but allows institutions to plan their closing process and be assured that the same number of work days will exist for each period close process.

.350 CLOSING DATES - CRITERIA

A. GENERAL CRITERIA

- The period-end accounting balances for all seven institutions and the Chancellor's Office must measure all accounting transactions for the same period of time.
- The accounting period must be closed within a reasonable number of days to provide assurance that period-end accounting balances provide timely information. Timely information means that the period-end balances are considered up-to-date and not outdated.
- The measurement of financial activity recorded must be consistent among like accounting periods. For example, institutions must use the same policies and methodologies for reflecting accounting activity for all 12 monthly accounting periods.

B. FISCAL YEAR CRITERIA

Fiscal year close is considered a "hard close" to provide for the preparation of the annual financial statements. To ensure a "hard close," institutions follow the annual closing of the books instructions and record year-end revenue and expense accruals in the period 14 year-end accrual period. The year-end accounting records showing all revenue realized and all expenses incurred
as of June 30 become the basis for the annual financial statements, and the external audit of the financial statements.

At the closing of period 14, revenue and expense balances should be recorded as follows:

- **Revenue:** all revenue earned whether or not received
- **Expense:** all expenses incurred whether or not paid
- **Deferred Revenue:** monies received but not yet earned
- **Prepaid Expense:** monies paid for goods and services not yet received

### C. QUARTER END CRITERIA

Quarter close is considered a "soft close" to provide for the quarterly management reports. Quarterly close includes:

- Institutions are required to clear their clearing funds to help ensure that revenues and expenses are recorded in the correct funds on a consistent basis.

Quarterly accruals are not required to include expenses from the end of a billing cycle to the end of the quarter. For example, the billing cycle for procurement cards runs from the 27th to the 26th of the following month. The quarterly close contains all full months of procurement card activity, but is not required to include an accrual of procurement card expenses from the 27th to the end of the month. Additional examples of billing cycles that end before the last day of the month might include telecom, utilities, motor pool, campus printing and mailing center, etc.

### D. MONTH END CRITERIA

Monthly close does not necessarily measure all revenue and expense on the accrual basis. For example, quarterly tuition revenue is generally recognized in full in the first month of the quarter, and not spread among the remaining months of the quarter. The monthly close is a snapshot of the accounting records that, once closed, do not change. For institutional and departmental monitoring, the month-end accounting records should reflect all revenue and expense as of the end of the month and institutions must make reasonable efforts to record financial activity in the correct month.

The above policies are OUS minimum policies and do not preclude an institution from developing more stringent closing policies to meet their institutional needs. An institution's closing policies should be documented and on file with the Associate Vice Chancellor for Finance & Administration/Controller.

### .400 FINANCIAL ACTIVITY NOT RECORDED ON THE ACCRUAL BASIS

The following financial activity is recorded on an accrual basis for the fiscal year, but is not necessarily recorded on an accrual basis as of the end of each month or the end of each quarter:

### A. PAYROLL WITHHOLDING REMITTANCES
The sweeping of the payroll withholdings in each institution's agency funds to the Chancellor's Office agency funds and the remittance of the withholdings to third-parties is recorded in the following month.

**B. DISTRIBUTION OF INTEREST EARNINGS**

Interest earnings information is not always available until a number of days into the subsequent month. Therefore, the distribution of interest earnings may not occur until the following month.

**.500 INTER-INSTITUTIONAL JOURNAL VOUCHERS (IIJV)**

Inter-Institutional Journal Vouchers (IIJVs) refer to accounting transactions between institutions and between institutions and the Chancellor's Office. All institutions and the Chancellor's Office must have the same close date for IIJVs. Having the same close date ensures that the debits and credits for all IIJVs appear in the same monthly accounting period for all institutions and the Chancellor's Office.

The closing date for IIJVs must be two (2) working days before the closing date of the monthly accounting records.

**.600 CLOSING DATES - SPECIFIC**

Month-end closing dates will be as follows:

1. **IIJVs** - IIJVs must be completed in OWAG by 5 p.m. at the end of the 3rd working day after the end of the month. For information regarding IIJVs in period 14, please refer to the annual Closing of the Books Instructions.
2. **Monthly Close** - Institutions may close as early as 8 a.m. of the 5th working day after the end of the month, but must close by 5 p.m. of the 5th working day after the end of the month.
3. **Quarterly Close** - Same as monthly close.
4. **Annual Close** - Closing date of period 14 is at 5 p.m. two (2) weeks after the 5th working day of the month. All institutions and the Chancellor's Office must close period 14 on the same date and time.

Refer to the Accounting and Reporting Calendar for closing date deadlines.

**.690 CONTACT INFORMATION**

Direct questions about this policy to the following offices:

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<tr>
<th>Subject</th>
<th>Contact</th>
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<tbody>
<tr>
<td>General questions from institutional personnel</td>
<td>Institution Office of Business Affairs</td>
</tr>
<tr>
<td>General questions from institutional central administration and Chancellor's Office personnel</td>
<td>Chancellor's Office Controller's Division</td>
</tr>
</tbody>
</table>
.695 HISTORY

04/10/07 - Approved

Policy Last Updated 07/03/12

APPENDIX

None