

**SELF-SUPPORTING ACTIVITIES
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS
FISCAL YEAR 2020-2021**

FINAL

Table of Contents

1. Clear Deposit Clearing Accounts.....	3
2. Clear Credit Card Accounts.....	4
3. Record Physical Inventories	4
4. Record Work-in-Process.....	7
5. Record Prepaid Expenses	8
6. Record Accrual of Expenditures	9
7. Process Recharges	10
8. Record Accrual of Income.....	10
9. Record Deferral of Income	11
10. Record Equipment Depreciation	12
11. Record Differential Income.....	12
12. Report Adjustments to the Final Ledger	14
13. Miscellaneous.....	15
Exhibit A: 2020/21 Closing Dates	16
Exhibit B: Internal Control & Accounting Contacts and References	17
Exhibit C: Report of Physical Inventory	18
Exhibit D: Report of Work-in-Process (WIP)	19

SELF SUPPORTING ACTIVITIES
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS
FOR FISCAL YEAR 2020-2021

Information on UCSD activities that sell goods/services to campus departments/units on a recharge basis or to individuals/entities on a “for-fee” basis can be accessed at [Self Supporting Activities Accounting & Transactions](#)

The following are special closing instructions for recharge and other income producing activities, which may be required to follow in addition to instructions provided to the general campus (Fiscal Closing Instruction 2020-2021).” Exhibit A - Cutoff Dates and Exhibit B - General Accounting Contacts and References are at the end of the document.

For fiscal year 2020-21, among many system conversion changes and the use of a new Chart of Accounts, the following high-level changes are to be taken into consideration:

- Individual Self-Supporting Funds, including Auxiliary Funds were collapsed into single funds, and formerly individual balances and activities are represented by either Project or Financial Unit
- IFIS Asset and Liability Accounts were not converted to Projects, only to Entity-Fund-Financial Unit-Account
- Ending IFIS balances are reflected in Fund Balance Account 300000 in the General Ledger at the project level (Entity-Fund-Financial Unit-Account and Project)

1. *Clear Deposit Clearing Accounts*

Departments should review their deposit clearing account balances to ensure that any balance in the deposit clearing account at June 30 must be zero by using the General Ledger Transactions Details report at [Business Analytics Hub](#), click on Budget & Finance > General Ledger & Account Info. Panoramas tab > Run Report in UCSD-DSH General Ledger Panorama.

By **July 8, 2021** subledger close, please complete the following:

- 1) Process all Accounts Receivable Transactions
- 2) Confirm all Clearing Accounts have zero balances

Refer to additional steps below:

- a. For information How to Claim Unidentified Payments (wires, ACHs & checks), see [KB0032208](#)
- b. How to view and help identify unclaimed bank wires, see [Bank Wires: How to Check for Unclaimed Fund Transfers](#)

For additional support, [Submit a Ticket](#) to ARCO

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

2. Clear Credit Card Accounts

All credit card activities must be cleared related to the prior fiscal year before COB (close of business) **July 5, 2021**.

- All credit cards transactions settled during Fiscal Year ending June 30 (which have been cleared by bank deposits posted in the clearing account by June 30) should result in a zero balance. These accounts cannot have ending 'credit balances'. A 'credit balance' means that there is funding outstanding in the clearing account that has not been transferred to departmental revenue accounts.
- By **July 5, 2021** Departments should review their account balances using the General Ledger Transactions Details report at [Business Analytics Hub](#), click on Budget & Finance > General Ledger & Account Info. Panoramas tab > Run Report in UCSD-DSH General Ledger Panorama.
- Use Account 101030 in the GL and specific activity code related to the merchant account to determine the balance. If there is a balance, determine if the transaction is in process or if the transaction needs to be cleared and submit a ticket accordingly.

For additional support, [Submit a Ticket](#) to ARCO

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

3. Record Physical Inventories

For Fiscal Year End, physical inventories are required for all activities that hold supplies or materials including:

- Sale to other activities, departments, or customers either "as is" or in altered form
 - Direct consumption in rendering services or fabricating items for others on a charge basis
- 1) Complete the Report of Physical Inventory (Exhibit C) for items actually on hand on June 30.
 - Departments that find it necessary to take their physical inventory before June 30 must:
 1. Submit a transmittal with their Inventory showing the physical inventory value on the day(s) the inventory actually was taken
 2. Report any increased value of items received after the physical inventory, but prior to July 1
 3. Report any decreased value for items sold during the same period
 4. Please include your activity's legacy IFIS fund number in the inventory report

Guidelines for Taking Inventory:

- **Valuation:** Normally inventory items are to be listed at invoice cost, including sales tax. If the current value of an item is less than the original cost, the current value should be used.
- **Shrinkage:** Inventory shrinkage refers to unrecorded decreases in inventory resulting from such factors as breakage, spoilage and theft.
- **Obsolete Items:** Obsolete items should be segregated from other items in the inventory report and listed at current value if less than cost, with a notation indicating the approximate cost.

- **Small Unit Value Items:** The value of inventory items held in large quantity with unit values of less than fifty cents, such as screws and cotter pins, may be estimated.
- **Inventory Method:** Under the Cost Accounting Standards (CAS) guidelines, the University is required to report the valuation method for taking inventories. The preferred method to use is FIFO (First In, First Out). Selected activities, such as Bookstore, have been granted exceptions. If you are not using the FIFO method, please inform to BFS-ICA at Service and Support <https://support.ucsd.edu/finance> prior to taking inventory.

2) By **July 2, 2021**, complete all of the following steps:

1. Complete a Journal Entry to record inventory
 - a. Process as a regular Journal Entry (refer to KBA [How to Process a Journal Entry](#))
 - b. The Journal must have an accounting date of June 30, 2021 even if prepared in July
 - c. **Accounting Period:** Select **Jun-21**, the June accounting period
 - d. Credit side: The Entity-Financial Unit-Fund-Project where the cost of the inventory is recorded should be used as a credit side using expense account **520552 – Inventory Accruals**. Use expenditure account **for 520501 – Inv Adj and Price Adj** to record shrinkage
 - e. Debit Side:
 - For Sales of Services activities and Other Income Producing Activities, the same chart string will be used for the debit side under account **136002- Inventories-Miscellaneous**
 - For Auxiliary Enterprises (fund 11000) activities, use account **135000 - Inventories-Auxiliaries**
 - See examples in this section below
 - f. **Category:** Select **Manual**. This journal should **not** auto-reverse
 - g. Prior to submitting the Journal Entry for approval, complete the MCI file in the next step because the chart strings in the Journal Entry is required in the MCI file
 - h. **Attachment:**
 1. Attach the MCI file as supporting documentation to the Journal Entry
 2. Attach a copy of the physical inventory report
 - i. Do not reverse the entry in **2021/22** (next fiscal year) until the new inventory is recorded

3) Complete the MCI File template below

- a. Download and use the following [MCI Template for GL to PPM](#) (Version Date: **05.12.2021**)
 - b. Only the expense account will be entered in the MCI file (this will be an exception for the template where the net amount on the file is not required to be zero)
 - c. Use the guidance in row 3 and the following parameters must be entered in the MCI file
 1. Transaction Source: UCSD General Ledger
 2. Document: GL PPM Transfer
 3. Document Entry: GL to PPM
 4. Expenditure Item Date : **2021/06/30**
 5. Use the chart strings in the Journal Entry above to complete columns AZ and BB in the MCI template
2. By **July 2, 2021**, [submit a ticket](#) to process the MCI File to reflect the expense in PPM subledger. Select:
 - a. About: Financial Accounting
 - b. Related to Oracle: Project Portfolio Management
 - c. More Specifically: MCI File Submissions
 - d. Subject: FYE Physical Inventory

- e. Description: Include a reference to the Journal Entry Name from step 1 above
 - f. Attach the completed MCI File to the ticket and Submit
- 4) If you record your inventory on a monthly basis, you may do a reversing journal at 6/30 (refer to Service & Support KBA0033430 [How to Create a Fiscal Year End Reversing Journal Entry](#))

By **July 2, 2021** the reversing journal to record total work-in-process (or jobs-in-process) must have:

1. **Journal Batch** and **Journal Name** will depend on if it is from a Department or VC Office:
 - i. Format of Journal Name when created by Departments:
FYE RVS + Department Name + VC Area + Journal name to identify the journal
 - ii. Format of Journal Name when created by VC Offices:
FYE RVS + VC Office + VC Area + Journal name to identify the journal
2. An **Accounting Period** of **Jun-21**
3. **Attachment:** a copy of the physical inventory report in the journal entry
4. An **Accounting Date** of **June 30, 2021** even if prepared in July
5. A **Category** selection of **Accrual**, which will let the system know to auto-reverse the journal on July 1st

Examples:

To record **FY 20-21** inventory amount.

	<u>*Entity</u>	<u>*Fund</u>	<u>*Financial Unit</u>	<u>*Account</u>	<u>*Funct</u>	<u>*Program</u>	<u>*Location</u>	<u>*Project</u>	<u>*Activity</u>	<u>*InterEntity</u>	<u>*Future 1</u>	<u>*Future 2</u>
DEBIT:	161xx	12100	70000xx	136002	000000	000	000000	100xxx	000000	00000	000000	000000
CREDIT:	161xx	12100	70000xx	520552	000000	000	000000	100xxx	000000	00000	000000	000000

To reverse **FY 19-20** inventory amount.

	<u>*Entity</u>	<u>*Fund</u>	<u>*Financial Unit</u>	<u>*Account</u>	<u>*Funct</u>	<u>*Program</u>	<u>*Location</u>	<u>*Project</u>	<u>*Activity</u>	<u>*InterEntity</u>	<u>*Future 1</u>	<u>*Future 2</u>
DEBIT:	161xx	12100	70000xx	520552	000000	000	000000	100xxx	000000	00000	000000	000000
CREDIT:	161xx	12100	70000xx	136002	000000	000	000000	100xxx	000000	00000	000000	000000

Or you can make a two-line entry for the **difference** between what was recorded at **6/30/20** and the new inventory amount at **6/30/21**. Example:

To adjust inventory to reflect the **FY 19-20** inventory amount.

	<u>*Entity</u>	<u>*Fund</u>	<u>*Financial Unit</u>	<u>*Account</u>	<u>*Funct</u>	<u>*Program</u>	<u>*Location</u>	<u>*Project</u>	<u>*Activity</u>	<u>*InterEntity</u>	<u>*Future 1</u>	<u>*Future 2</u>
DEBIT/CREDIT	161xx	12100	70000xx	136002	000000	000	000000	100xxx	000000	00000	000000	000000
CREDIT/DEBIT	161xx	12100	70000xx	520552	000000	000	000000	100xxx	000000	00000	000000	000000

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

4. Record Work-in-Process

Activities, such as machine shops, illustration services, printing services and so on, which produce or fabricate items for sale, may have items in the production or fabrication process at June 30.

1. **Items in process** for Non-UC Customers which have not been invoiced through PPM Contract & Billing or the Accounts Receivable module must process a top-level journal entry by **July 16, 2021** (refer to Service & Support KBA0033430 [How to Create a Fiscal Year End Reversing Journal Entry](#)).

The value of work-in-process is the cumulative June 30 cost of labor provided to items in process and the cost of material used for items in process. Use template Exhibit D REPORT OF WORK-IN-PROCESS (WIP).

By **July 16, 2021** the reversing journal to record total work-in-process (or jobs-in-process) must have:

1. **Journal Batch** and **Journal Name** will depend on if it is from a Department or VC Office:
 - i. Format of Journal Name when created by Departments:
FYE RVS + Department Name + VC Area + Journal name to identify the journal
 - ii. Format of Journal Name when created by VC Offices:
FYE RVS + VC Office + VC Area + Journal name to identify the journal
2. An **Accounting Period** of **Jun-21**
3. **Attachment:** a copy of the report listing individual items or jobs-in-process and their value at June 30 must be submitted and can be included as an attachment in the journal
4. An **Accounting Date** of **June 30, 2021** even if prepared in July
5. A **Category** selection of **Accrual**, which will let the system know to auto-reverse the journal on July 1st.
6. For non-UC customers
 - i. Credit: The Entity-Fund-Financial Unit-Account-Project* is used to record the activity's revenue account **4xxxxx**
 - ii. Debit: The same chart string except use Account **136003-Service Dept-Work-In-Process**
- b. For UC Customers,
 - i. Credit: the GL recharge income account (not PPM expenditure type)
 - ii. Debit: the same chart string except use Account **136003-Service Dept-Work-In-Process**

*Project: wherein the project is equal to 0000000 (do not select a project number other than zero or it will cause a variance on the PPM and GL Reconciliation report)

It is not appropriate to record accruals in the subledger, however in order to correctly reflect the expenditure in the current year, a top-sided entry can be done which will be reverse in July and the actual transaction should be completed via normal process in the appropriate subledger in July

Example:

	<u>*Entity</u>	<u>*Fund</u>	<u>*Financial Unit</u>	<u>*Account</u>	<u>*Funct</u>	<u>*Program</u>	<u>*Location</u>	<u>*Project</u>	<u>*Activity</u>	<u>*InterEntity</u>	<u>*Future 1</u>	<u>*Future 2</u>
DEBIT:	161xx	12100	70000xx	136003	000000	000	000000	100xxxx	000000	00000	000000	000000
CREDIT:	161xx	12100	70000xx	410600	000000	000	000000	100xxxx	000000	00000	000000	000000

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

5. Record Prepaid Expenses

Prepaid expenses are costs incurred in the current fiscal year that may, entirely or in part, benefit the subsequent fiscal year or years.

- For example, if an annual maintenance contract was purchased for \$12,000 on May 1, 2021, two months of FY 2020/21 benefit from the contract and ten months benefit FY 2021/22.
- The \$10,000 which benefits FY 2021/22 should be recorded as a prepaid expense on the June 2021 ledger.

Departments must complete a top-level reversing journal entry to record prepaid expenses on or before July 16, 2021 (refer to reference Service & Support KBA0033430 [How to Create a Fiscal Year End Reversing Journal Entry](#)).

By July 16, 2021 the reversing journal must have:

1. **Journal Batch** and **Journal Name** will depend on if it is from a Department or VC Office:
 - i. Format of Journal Name when created by Departments:
FYE RVS + Department Name + VC Area + Journal name to identify the journal
 - ii. Format of Journal Name when created by VC Offices:
FYE RVS + VC Office + VC Area + Journal name to identify the journal
2. An **Accounting Period** of **Jun-21**
3. **Attachment:** a copy of the report listing individual contracts and their value for **FY 2020/22** must be submitted
4. An **Accounting Date** of **June 30, 2021** even if prepared in July
5. A **Category** selection of **Accrual**, which will let the system know to auto-reverse the journal on July 1st.
6. Credit the Entity-Fund-Financial-Unit-Account-...-Project* and the expense account (5xxxxx) used when the expense was incurred
7. Debit the same chart string **except:**
 - i. For Sales and Services and Other Income Producing activities:
 - For short term (up to 12 months) prepaid expenses, use Account **140001- Prepaid Exp-Short Term**
 - For long term (longer than 12 months) prepaid expenses, use Account **171600- Prepaid Expenses Long Term**
 - ii. For Auxiliary Enterprises (fund 11000)
 - For short term (up to 12 months) prepaid expenses, use Account **140004- Prepaid Expenses-Aux Ent-Short Term**
 - For long term (longer than 12 months) prepaid expenses, use Account **171600- Prepaid Expenses Long Term**

*Project: wherein the project is equal to 0000000 (do not select a project number other than zero or it will cause a variance on the PPM and GL Reconciliation report)

It is not appropriate to record accruals in the subledger, however in order to correctly reflect the expenditure in the current year, a top-sided entry can be done which will be reverse in July and the actual transaction should be completed via normal process in appropriate subledger in July

Example:

	<u>*Entity</u>	<u>*Fund</u>	<u>*Financial Unit</u>	<u>*Account</u>	<u>*Funct</u>	<u>*Program</u>	<u>*Location</u>	<u>*Project</u>	<u>*Activity</u>	<u>*InterEntity</u>	<u>*Future 1</u>	<u>*Future 2</u>
DEBIT:	161xx	12100	70000xx	140001	000000	000	000000	100xxxx	000000	00000	000000	000000
CREDIT:	161xx	12100	70000xx	5xxxxx	000000	000	000000	100xxxx	000000	00000	000000	000000

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

6. Record Accrual of Expenditures

Expenditure accruals represent the cost for goods and services received before July 1 but which have not yet been recorded in the June ledger.

- Sales and Services activities and Other Income producing units should only account for expenditures that have not been entered into the financial systems (OFC/ Concur/ KR).
 - Account Payable invoices with June expenses that have been entered into the financial systems in July will be accrued by the IPPS office.
 - Invoices submitted via Payment Compass and Payment Requests via Services & Support should be received by Disbursements by or before **June 23, 2021**.
 - Concur travel expense reports, events and other reimbursement expense reports, gift card requests, and human subject payment requests should be received by the respective IPPS team with final department approval by or before **June 10, 2021** for FY **2020/21**.
1. After the subledger close on **July 8, 2021**, Departments should review June ledger activity using the report Budget & Finance>UCSD-DSH Procure to Pay Panorama >Procure to Pay Transaction Inquiry at <https://bah.ucsd.edu/> to determine if there are any missing June invoices.
 2. Departments must complete a top-level reversing journal entry to record accruals on or before **July 16, 2021** (refer to reference Service & Support KBA0033430 [How to Create a Fiscal Year End Reversing Journal Entry](#))

By **July 16, 2021** the reversing journal must have:

1. **Journal Batch** and **Journal Name** will depend on if it is from a Department or VC Office:
 - i. Format of Journal Name when created by Departments:
FYE RVS + Department Name + VC Area + Journal name to identify the journal
 - ii. Format of Journal Name when created by VC Offices:
FYE RVS + VC Office + VC Area + Journal name to identify the journal
2. An **Accounting Date** of **June 30, 2021** even if prepared in July
3. **Attachment:** a copy of back-up report of the invoices and their value at June 30 must be submitted (if any)
4. An **Accounting Period** of **Jun-21**
5. A **Category** selection of **Accrual**, which will let the system know to auto-reverse the journal on July 1st.
6. When creating a journal, you must include the amount to be accrued and the Entity-Fund-Financial Unit-Account-...-Project* is used for recording the accrual. The offset balance sheet account number is **200019 -Audited Vouchers Accts Payable** using the same chart string.

*Project: wherein the project is equal to 0000000 (do not select a project number other than zero or it will cause a variance on the PPM and GL Reconciliation report)

It is not appropriate to record accruals in the subledger, however in order to correctly reflect the expenditure in the current year, a top-sided entry can be done which will be reverse in July and the actual transaction should be completed via normal process in appropriate subledger in July.

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

7. *Process Recharges*

Process Recharges - interdepartmental

In general, a recharge reflects the sale, at approved rates, of goods or services by an approved activity to other departments/units.

- Recharges are processed in PPM subledger via either manual MCI file submitted to Service and Support ([KB0032650-How to Process Recharges with an MCI file in PPM](#)) or via recharge application (e.g. RMP App) or other department, ITS approved application.
- Departments must complete the **final** fiscal year recharge MCI file through Service and Support at <https://support.ucsd.edu/finance> on or before **July 2, 2021**.
- For recharge processed via recharge application, the final due to date to process is on or before **July 8, 2021**, prior PPM subledger close.

Process Recharges - intercampus

In general, an intercampus recharge reflects goods or services OR an expense reimbursement by an activity to another UC campus.

- To process [Intercampus Recharge Request](#), submit through Service and Support at <https://support.ucsd.edu/finance>.
 - The Department must complete the **final** fiscal year intercampus recharge processing on or before **June 4, 2021**
 - A Department that encounters a problem in meeting the deadlines should **immediately** submit Service and Support ticket at <https://support.ucsd.edu/finance> before **June 11, 2021**
-

8. *Record Accrual of Income*

1. June Invoices must be submitted through PPM Contract Billing and Account Receivable on or before subledger close, **July 8, 2021**.
 - **Note:** For PPM and AR subledgers, the Event Completion Date must have a date entered in the current fiscal year if goods/services were provided on or before June 30th.
 - Events in or before June with an invoice date of June (or earlier) will be booked in June only IF June period is open.
 - Once the June subledgers are closed, even if the events are in June, it will post to July
2. Review the list of Unidentified Payments and claim them by **July 5, 2021**
 - For information How to Claim Unidentified Payments (wires, ACHs & checks), see [KB0032208](#)

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

9. Record Deferral of Income

During the current fiscal year, activities occasionally will receive and record income that relates to future periods.

- For example, during the current fiscal year a shop might receive \$10,000 to do a job for a non-UC entity, but not start work on the job until next fiscal year. A journal entry to record income in the proper fiscal year is required; this is referred to as deferred income.
- Please note that an activity having only recharge income should never have income to defer, since University policy permits recharging only when goods or service actually have been provided. Recharging in advance of providing goods or services is not allowed.
- For large jobs extending over several months, policy does permit recharging job costs actually incurred to date.

Departments must complete a top-level reversing journal entry to record deferred income on or before **July 16, 2021** (refer to reference Service & Support KBA0033430 [How to Create a Fiscal Year End Reversing Journal Entry](#))

By **July 16, 2021** the reversing journal must have:

1. **Journal Batch** and **Journal Name** will depend on if it is from a Department or VC Office:
 - i. Format of Journal Name when created by Departments:
FYE RVS + Department Name + VC Area + Journal name to identify the journal
 - ii. Format of Journal Name when created by VC Offices:
FYE RVS + VC Office + VC Area + Journal name to identify the journal
2. An **Accounting Date** of **June 30, 2021** even if prepared in July
3. An **Accounting Period** of **Jun-21**
4. A **Category** selection of **Accrual**, which will let the system know to auto-reverse the journal on July 1st.
5. The entry should debit the same **Entity-Fund-Financial Unit-Account-...-Project*** and account that were credited when the income was recorded
 - i. For Sales and Services and other Income Producing activities, Account **223001-Unearned Rev Clearings Non-Aux**, should be credited.
 - ii. For Auxiliary Enterprises (fund 11000), **Account 222000-Unearned Revenue** should be credited.

*Project: wherein the project is equal to 0000000 (do not select a project number other than zero or it will cause a variance on the PPM and GL Reconciliation report)

It is not appropriate to record accruals in the subledger, however in order to correctly reflect the expenditure in the current year, a top-sided entry can be done which will be reverse in July and the actual transaction should be completed via normal process in appropriate subledger in July.

Example:

	*Entity	*Fund	*Financial Unit	*Account	*Funct	*Program	*Location	*Project	*Activity	*InterEntity	*Future 1	*Future 2
DEBIT	161xx	12100	70000xx	410600	000000	000	000000	100xxxx	000000	00000	000000	000000
CREDIT	161xx	12100	70000xx	223001	000000	000	000000	100xxxx	000000	00000	000000	000000

Disclosure:

Although departments have not been sent emails requesting Confirmation of Balance Sheet reviews since our conversion to Oracle, the activity itself has not changed. Departments should regularly monitor transactions, review transactions for accuracy, prepare reconciliation of accounts, and process any necessary corrections or adjustments as necessary in the Oracle subledgers, at the source or origination of transactions. Further guidance will be provided when we complete stabilization and begin enhancements.

10. Record Equipment Depreciation

Activities which depreciate equipment, must process an on-line financial journal via MCI file to record final fiscal year depreciation on or before **July 2** prior to subledger close.

Steps to process Equipment Depreciation:

1. Determine the depreciation amount using the depreciation schedule (use the depreciation sheet from the rate proposal as the template and include any adjustments that are applicable)
2. Process through Recharge Application by **July 8, 2021** if on-boarded or follow the steps 3-4 if requesting Manual Imports by **July 2, 2021**
 - a. Use Expenditure type **774010 - To/From Renew/Replace Equipment Reserves**
3. Download and complete an [MCI File](#) (Version date **04.08.2021**)
 - a. Use PPM Expenditure Type **774010 - To/From Renew/Replace Equipment Reserves** to transfer between Recharge Operating Fund (Fund 12100) to Recharge Equip R and R Fund Equipment Renewal and Replacement Reserve (Fund 17000)
 - b. Debit: the Operating Fund (Fund 12100) task (see DFF's) on the Recharge Project
 - c. Credit: the Recharge Equip R and R Fund (Fund 17000) task (see DFF's)
 - d. Account **774010 To/From Renew/Replace Equipment Reserves** needs to be used to process the Debit and the Credit of the transfer to have a net impact on the Account as zero
 - e. Enter the following parameters for the fields on the MCI file:
 - a. Transaction Source: UCSD Manual Import
 - b. Document: Equipment Depreciation Repl/Renew
 - c. Document Entry: Equipment Depreciation Transfer
4. **On or before July 2, 2021**, create a ticket in Service and Support to transfer funds to Equipment Reserves with the following parameters:
 - a. About: Financial Accounting
 - b. Related to: Oracle Project Portfolio Management
 - c. More Specifically: MCI File Submissions
 - d. Subject: Equip Renewal/Replacement
 - e. Description: Enter the Project Number
 - f. Attach the completed MCI file to the ticket and submit

For additional information please see [KB0033274](#) How to Transfer Funds (Depreciation) to a Renewal & Replacement Reserve Fund.

5. On or before **July 2, 2021**, a depreciation schedule must be sent via electronic email along with the submitted case number to BFS-ICA at SelfSupportAct@ucsd.edu.

11. Record Differential Income

Rates for sales made by Academic Support, Service Enterprise and similar self-supporting activities (in funds 12100, 12304, 12316 and 15006) to the general public must include an overhead rate factor unless the activity has an exemption approval from remitting the full Differential Income.

- Exemption is defined as an activity whose granting agency prohibits paying overhead. Exemptions are final approved by the Vice Chancellor Chief Financial Officer.

- Consult the Financial Analysis Office for more details on exemptions.

In most cases, the overhead, a.k.a. Differential Income, is to be distributed in two parts:

- 1) To Central administration and
- 2) To Departmental Support or to the Vice Chancellor responsible for the activity

Central Administration Differential Income

- A minimum of 11% assessed on revenues for overhead recovery must be included in all rates charged to external customers for on-campus central administration differential income.
- A minimum of 5% assessed on revenues for overhead recovery must be included in all rates charged to external customers for off-campus and Ship-Use activities central administration differential income.
- Effective 2020-21, no actions needed by units for the central administration differential income portion
- Campus has been charging units the central administration differential income assessment a month in arrears, in the General Ledger, at the Entity, Fund, Financial Unit, Function, and where applicable, Project, level using account code 773009- Campus Administrative Debit.

Department Support Differential Income

- Each Vice Chancellor area may also require a minimum Differential Income portion to be remitted to the Vice Chancellor responsible for the activity.
- Consult your Vice Chancellor’s office for more information.

Recovery above these minimum differential income percentages will be retained by generating department. Listed below in the tables are the standard Differential Income calculations.

FULL DIFFERENTIAL INCOME CALCULATION	
Calculation of On-Campus Full Differential Income	
Central Administration Portion	Total Revenue x 11%
Departmental Support Portion	Total Revenue x 20.05%
Calculation of Off-Campus Full Differential Income	
Central Administration Portion	Total Revenue x 5%
Departmental Support Portion	Total Revenue x 13%
Calculation of Ship Use Full Differential Income	
Central Administration Portion	Total Revenue x 5%
Departmental Support Portion	Total Revenue x 2.7%
MINIMUM DIFFERENTIAL INCOME CALCULATION*	
Calculation of On-Campus Minimum Differential Income	
Central Administration Portion	Total Revenue x 11%
Departmental Support Portion	NA
Calculation of Off-Campus Minimum Differential Income	
Central Administration Portion	Total Revenue x 5%
Departmental Support Portion	NA
Calculation of Ship Use Minimum Differential Income	
Central Administration Portion	Total Revenue x 5%
Departmental Support Portion	NA

*** Note:** The tables on minimum Differential Income distribution and calculation list only the minimum Differential Income that is required for Central Administration. Each Vice Chancellor area may also require a minimum Differential Income portion to be remitted to the Vice Chancellor responsible for the activity. Consult your Vice Chancellor's office for more information.

Important Submission Dates:

- For internal control and **audit** requirements, the final distribution for FY 2020/21 Differential Income **MUST** be recorded on or before **July 2** prior to subledger close.
- Activities must complete their on-line financial journal via MCI file to record Department Support Differential Income on or before **July 2** prior to subledger close.

Steps to process Department Support Differential Income:

1. Process through Recharge Application by **July 8, 2021** if on-boarded or follow the steps 2-3 if requesting Manual Imports by **July 2, 2021**
 - a. Use Expenditure type **774010 - Differential Income Transfer to Reserve**
2. Download and complete an [MCI File](#) (Version date **04.08.2021**)
 - a. Use PPM Expenditure Type **774010 - Differential Income Transfer to Reserve** to transfer between Recharge Operating Fund (OFC Fund 12100) task (see DFF's) to the Differential Income Fund, Recharge Ext Sales Diff Income (Fund 12200)
 - b. Debit the Operating Fund (Fund 12100) task (see DFF's) on the Recharge Project
 - c. Credit the Recharge Ext Sales Diff Income (Fund 12200) task (see DFF's)
 - d. Account **774010 - Differential Income Transfer to Reserve** needs to be used to process the Debit and the Credit of the transfer to have a net impact on the Account as zero
 - e. Enter the following parameters for the fields on the MCI file:
 - i. Transaction Source: UCSD Manual Import
 - ii. Document: Dept Support Differential Income
 - iii. Document Entry: Dept Support Diff Inc Transfer
3. Submit a ticket to transfer funds to Differential Income with the following parameters:
 - a. About: Financial Accounting
 - b. Related to: Oracle Project Portfolio Management
 - c. More Specifically: MCI File Submissions
 - d. Subject: Differential Income Transfer
 - e. Description: Enter the Project Number
 - f. Attach the completed MCI file to the ticket and submit by **July 2, 2021**

Refer to [KB0033254](#) How to Record Departmental Support Differential Income.

4. On or before **July 2, 2021**, a copy of the report of the distribution of FY 2020/21 Department Support Differential Income must be sent via electronic email along with the submitted case number to BFS-ICA at SelfSupportAct@ucsd.edu.

***Note:** SOM activities are assessed DI on a monthly basis by the VCHS Controller's Office and also Campus Budget Office (CBO) for the Campus portion. SOM activities will be reviewed if DI true-up journal is necessary for fiscal close. If you have any questions please contact VCHS Controller's Office vchsfman@ucsd.edu.

12. *Report Adjustments to the Final Ledger*

If a review of an activity's June final ledger shows **significant/material** recording **errors or omissions** that may impact UCSD Financial Statements, please notify and obtain your VC's business office approval; then [submit a ticket](#) describing the **errors or omissions** to on or before

13. *Miscellaneous*

a. **Unrelated Business Income**

For those activities that submit data for the Unrelated Business Income Tax reporting, please be aware that we will need information based on FY 2020/21. It is recommended that, as time allows, you begin gathering the information previously provided as we will be requesting it by October 2021. We will send you a separate notice later in the year indicating the due date.

b. **Intercollegiate Reporting for the NCAA**

Please do not submit the NCAA report prior to General Accounting (GA) approving the report. Also let GA know the approximate date when the report will be ready. Please ensure that all entries are appropriately recorded in the ledger prior to the June final ledger close. Contact ICA via submitting a Service and Support Ticket via <https://support.ucsd.edu/finance> on or before July 16, 2021 if you are experiencing problems with entries in the ledger.

c. **Editorship Funds**

Editorship funds were established for professional journals. The funds cannot be used for editing service contracts. Please make sure to review the funds for compliance to policy

d. **Corporate Sponsorships**

In earlier years, we treated corporate sponsorships as additional income for conferences and other activities. A few years ago, UCOP determined that almost all corporate sponsorships are gifts. Please review conference and similar funds for activity which should be recorded as gifts.

e. **ASSA Administrative Overhead**

The ASSA Administrative Overhead is an assessment on select population Self Supporting Activities, processed by the Campus Budget Office. Effective fiscal year 2021/22, the rate assessed on revenues for Academic/Educational will remain at 3.4% while the rate for Auxiliaries will increase to 6%. The assessment is recorded in account code 773009- Campus Administrative Debit. For more information on the ASSA Administrative Overhead, please contact Alice Ku at ahyku@ucsd.edu.

f. **Equipment/Renewal and Replacement funds**

For activities with Renewal and Replacement Tasks (with DFFs fund under 12200,17000,17200), review the Renewal and Replacement funds to ensure that they only contain expenditures for equipment **163003- Equipment Clearing** and supplies and expenses related to equipment (accounts beginning with 5XXXXX). Any payroll (accounts beginning with 50XXXX, 51XXXX,) or travel (accounts beginning with 53XXXX) expenditures should be transferred to the operating task. Review operating task (with DFFs fund under 12100) to ensure that there are no expenditures for equipment. Any such expenditure should be transferred to the Renewal and Replacement task via [PPM Cost Transfer Tool](#) on or before July 8, 2021 (see [KB0033191](#)-Cost Transfer Guide or [KB0033189](#)- Cost Transfer Best Practices - Justifications and Consequences).

SELF SUPPORTING ACTIVITIES
Exhibit A: 2020/21 Closing Dates

DUE DATE	DEPARTMENTAL ACTION	STEP #
Refer to Link	Refer to Fiscal Closing 2020–2021: Departmental Action and Cutoff Dates	Overall
30-Jun	Take physical inventory	3
2-Jul	Submission of all MCI files for manual upload via Services & Support ticket	Various
2-Jul	A copy of the depreciation schedule to BFS-ICA	10
2-Jul	A copy of the differential income distribution report attached in the General Ledger Journal	11
2-Jul	Inventory report and a copy of the MCI file and General Ledger Journal	3
5-Jul	Ensure departmental credit card accounts are zero or debit balance, and ensure there are no credit balances in credit card accounts	2
8-Jul	Submission of transactions interfacing through Recharge Applications	Various
8-Jul	Ensure departmental accounts are zero balance in deposit clearing accounts	1
16-Jul	A copy of work-in-process jobs attached in the General Ledger Journal	4
16-Jul	A copy of prepaid expense report attached in the General Ledger Journal	5
23-Jul	Obtain VC business offices' approval; submit significant/material recording errors/omissions that may impact UCSD financial statements for GA's approval.	13

Exhibit B: Internal Control & Accounting Contacts and References

VCAA, VC CFO, VCHS, VCMS, VCRMP, VCSA Recharge and Other Income Producing Activities	Contact through Service and Support at https://support.ucsd.edu/finance
Guidelines for Recharge and Other Income-Producing Activities	http://blink.ucsd.edu/finance/accounting/SSA/index.html
FISCAL CLOSING 2020-2021: Overview	https://blink.ucsd.edu/finance/accounting/closing/index.html
Recharge and Other Income-Producing Activities - Fiscal Closing Special Items Instructions for Fiscal Year 2020-2021	https://blink.ucsd.edu/finance/accounting/closing/index.html

