



Fiscal Close – Glossary of Terms

- ***Accrual:*** An expense for goods or services that have been received in this fiscal year, but will not be paid for until next fiscal year.
 - Usually \$25,000 or greater.
 - Requesting an accrual will allow you to record the expense in the correct fiscal year even though it may be paid in a different fiscal year.
 - An accrual cannot be used to resolve a budgetary overage or deficit.
- ***Annual PO:*** A purchase order (PO) set up at the beginning of the fiscal year for a recurring expense/invoice.
 - Examples of types of expense include: mail courier, shredding/document storage, etc.
 - The PO is established based on the estimated total expense for the year, plus a 10% cushion for monthly variations in cost.
 - A monthly average cost is identified.
 - Once established, the monthly invoices do not need to be approved, as long as they are within 10% of the monthly average.
- ***Change Orders:*** A change order is created when an existing, open purchase order needs to be changed. Items that may need to be changed include:
 - Dollar amount
 - Full accounting unit (FAU)
 - Period of performance
- ***Cost transfer:*** An expense that has already been paid from one FAU that needs to be moved to another FAU within UCOP, or moved from one campus to another campus.
 - There are various kinds of transfer processes that are used in various situations (see Financial Journals, NPEARS and Recharges for types of cost transfers).
- ***Check request:*** Used in lieu of a vendor invoice, this document is used to make a payment.
 - Should include the description of goods/services being paid for and the vendor name and remit to address.
- ***Deferral:*** An expense for goods or services that will be received in the next fiscal year, but paid for in the current fiscal year.
 - Usually \$25,000 or greater.
 - Requesting a deferral will allow you to pay for the expense in the current fiscal year, but have it reported in the correct fiscal year.
 - A deferral cannot be used to resolve a budgetary overage or deficit.
- ***Encumbrance:*** The total amount of dollars a department has committed for future payment(s) on any order it has placed using a purchase order through the financial system.
 - Encumbrances can be released by closing the PO.
 - Encumbrances do not guarantee budgetary carry-forwards.

- **Financial Journal:** A tool used for miscellaneous general ledger adjustments, when NPEAR or Recharge systems cannot be used.
 - On the general ledger, journals are indicated by Type Entry 53.
 - Financial journals are not used to record transactions normally recorded from other source documents (e.g., purchase orders, invoices, travel vouchers, payroll) directly into the campus general ledger.
- **Fiscal Close:** Year-end closing of the general ledger, which results in a statement of the year's financial operations to be recorded in the UC annual report.
 - All financial activity for the fiscal year must be recorded prior to fiscal close to ensure it is reported in the correct period.
 - All financial activity should be reviewed to ensure accuracy.
 - Any changes or corrections must be done before the general ledger is closed. Once it is closed, no changes can be made.
- **Fiscal Year:** The accounting period used for financial and budgetary transactions.
 - For UC, the fiscal year is July 1 to June 30.
 - Many universities have a fiscal year which ends during the summer which aligns the fiscal year with the academic year.
- **Full Accounting Unit (FAU):** The account/fund that you use to record your budgetary and financial transactions.
 - The FAU is comprised of up to eight fields including: location, account, cost center, fund, project (optional), sub-object and source (optional). Each field of the FAU represents a different kind of information about the transactions that occur. Each part of the FAU should be used consistently to ensure the integrity of the information.
- **Intercampus:** Used to describe cost and budgetary transfers and recharges between UCOP and the campuses.
- **Interlocation Transfer of Funds (ITF):** Used to make budgetary transactions that transfer funds from one location/campus to another.
 - The campus (or UCOP) sending the funds processes the interlocation transfer of funds.
 - Processing of ITFs must be completed by mid-May, as there is no processing allowed in June.
- **Non-Payroll Expense Adjustment Request (NPEAR):** A cost transfer tool used to correct non-payroll transactions in the general ledger, record a change in the decisions made originally as to the use of goods or services or to redistribute high-volume/low cost items.
 - On a non-grant fund, NPEARs must be done within the current fiscal year.
 - On the general ledger, NPEAR transactions are a Type Entry 54.
- **Open Commitments:** When a purchase order has a remaining balance that continues to encumber your budget. (See encumbrance)
- **Open Commitment Report:** One of the financial reports available that shows all purchase orders that still have an open balance.
 - It can be run by FAU, or by department.
 - It is also useful to see what payments have been made against a PO.
- **P-Card:** University issued procurement credit card.

- **Purchase Order (PO):** A purchase order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific vendor for the purchase of goods and services.
 - A PO creates an encumbrance on the general ledger.
- **Recharge:** Services and goods purchased from other UCOP or Campus units, for example web development/app charges provided by ITS to departments at a certain rate per hour.
 - Only departments with approved recharge rates are permitted to recharge for their goods or services.
 - All payments are reported on the general ledger in sub 09 only.
 - If your FAU does not have a sub 09, you cannot receive recharge payments.
 - On a non-grant fund, recharges should be done within the fiscal year.
 - On the general ledger, Recharge Transactions are a Type Entry 59 or 53.
- **Travel and Entertainment Reimbursement:** Reimbursement to employees or non-employees for business travel and/or entertainment expenses that the individual has paid for with their own money.
 - All expenses must be related to University business and follow the guidelines set forth in G-28 and BUS-79.