

ACCRUAL VOUCHERS

AGENDA:

- What is an Accrual?
 - What are the types of Accruals?
 - When should Accruals be created?
 - How do we prepare Accrual Voucher or Year End Accrual Voucher documents?
 - What will get my AV or YEAV Rejected?
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WHAT IS AN ACCRUAL?

- Matches expenses incurred with revenues earned.
- Temporarily takes a transaction out of the period it actually posts and puts it into the correct period.
- For general funds and other appropriated funds: match goods received or services performed in the period appropriated.
- Self-supporting funds: designed to operate at a break-even level. Matching income generated with the costs incurred ensures the proper evaluation of the financial position of the fund.
- Extramural funds: talk to Extramural before using an Accrual Voucher document.

WHAT ARE THE TYPES OF ACCRUALS?

There are 4 types of accruals:

- If the transaction posted to next period but should be in current period
 - Accrued Revenue - Sales that have NOT been invoiced but were generated in the current period. Invoice will be recorded in the ledger in the next period.
 - Accrued Expense – Goods/services RECEIVED in current period but invoice not recorded in ledger until next period.
 - Accrual moves the transaction from a future period where it posted to the current period.
- If the transaction posted to current period but should be in following period
 - Deferred Revenue – Income/revenue RECEIVED in current period for service that will take place next period.
 - Deferred Expense – Expense PAID in current period for activity that will take place in next period.
 - Deferral moves the transaction from the current period to the next period.

WHEN SHOULD ACCRUALS BE CREATED?

When their absence will create a SIGNIFICANT misstatement of the financial information for the periods involved.

Level of significance depends on the department. It is usually NOT under \$100.

HOW DO WE PREPARE ACCRUAL DOCUMENTS?

The Accrual Voucher (AV) and the Year End Accrual Voucher (YEAV) documents are the same. The AV is available all year until Period 12 closes; the YEAV is available only for Period 13 (July 7, 2004).

Use the correct DaFIS account and object code:

Account	Account Description	Object	Object Code Description	DR/CR
1126790	Sundry Receivables	0301	Accrued Income	Debit
1154300	Audited Vouchers Payable	0300	Accrued Expense	Credit
1180300	Deferred Income Various	0800	Deferred Income	Credit
1143000	Deferred Expense	0801	Deferred Expense	Debit

When completing the document, remember:

- Use the same full accounting unit (FAU) of the original posted transaction.
- Be sure to include the same tracking number if you are accruing/deferring transactions with equipment object codes (9XXX) or object code 7151.
- Fill in a reversal date – normally the 15th of the following month
- Include an adequate explanation – MUST include date goods/services/revenue was RECEIVED and whether you are deferring or accruing the revenue or expense
- You do not need more than one line for the Accrual/Deferral account
- The accrual/deferral transaction will zero out the transaction in the period it was originally posted.

WHAT WILL GET MY AV OR YEAV REJECTED?

- No reversal date.
- Inadequate explanation (when the goods/service/income were received and what you are doing).
- Using the wrong accrual/deferral account for the transaction explanation.
- Transaction too small (under \$100).

EXAMPLES:

Accrued Income:

- The normal practice in your self supporting fund is to invoice a month after the services are rendered. So June 2004 consulting services invoices are completed after the fiscal close and post in July 2005.
- In July 2004, you received registration fees for a conference held in June 2004.

Accrued Expense:

- You received delivery of a \$1,200 computer on June 28th and the invoice won't post until after July 3rd.
- PI has out-of-state air travel beginning June 28th but the \$3,000 airline ticket costs won't be posted until August.
- Consulting work on web page design completed June 15th for \$25,000 and invoice posts August 20th.

Deferred Income:

- Tuition received in June 2004 for fall quarter 2004.
- Registration fees received in June 2004 for conference held in July 2004.

Deferred Expense:

- Registration fees posted to the ledger in FY03-04 for a conference that will take place in August 2004 (FY04-05).
- Catering services for event in early July 2004 required advance payment in June 2004.
- Books ordered using Procard in June 2004 posts to the June 2004 ledger, but the books are not received until July 2004.
- Software ordered over the internet using the Procard in June 2004 and not received until July 2004.

