## Fiscal Year 2005 Closing Circular

### Important Dates

Please remember the following dates while you read through this circular:

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments Deadline</td>
<td>July 21st, 2005</td>
</tr>
<tr>
<td>Accrual Deadline</td>
<td>Sept. 8th, 2005</td>
</tr>
<tr>
<td>End-Year Date</td>
<td>August 31st, 2005</td>
</tr>
</tbody>
</table>

### Materiality Threshold

Materiality refers to the magnitude of an omission or misstatements of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would change or be influenced.

For FY 05 the materiality threshold is:

- LE 18,000 and $ 3,000

Please submit your MWs related to FY 05 for amounts below the above threshold on or before the **Payment Deadline**, otherwise it will only be processed by September 1st and charged to your 2006 budget.

### Reporting Revenue and Expenses FY 05

1. Please submit your MWs related to FY 05 for expenses equal or greater than the **Materiality Threshold** on or before the **Accrual Deadline**. Please send us a memo before the **Accrual Deadline** to report uncollected **Earned Revenue**, **Unearned Revenue**, and **Accrued Expenses** for amounts equal to or greater than the **Materiality Threshold**. Foreign purchases shall be charged to FY 05 if the related goods are shipped on or before **Year-End Date**.

### Construction Projects and Summer Renovation

Please provide us with the following on or before the **Accrual Deadline**: Contractor’s billing for work completed up to **Year-End Date**.

Unbilled work-in-progress up to **Year-End Date**.

The name of the contractor, percentage of completion, and amount due as at **Year-End Date, for each contract**.

### Cash Imprest

Holders of **Cash Imprest** are kindly requested to deposit their imprest with CIB before **Year-End Date**. However, the Department/Unit Chair may ask the Controller –in writing- to rollover the imprest fund to FY 2006. Reimbursement requests for expenditures made through the imprest fund -regardless of amount involved or period covered- should be submitted on or before **Payment Deadline** unless otherwise is approved by the Controller.

### Bad Debt and Provision for Doubtful Debt

Departments that transact business with third parties build up **Accounts Receivable (A/R)**. Please send us the following before the **Accrual Deadline**:

1. An updated statement for your **Bad Debt Policy**
2. **Provision for Doubtful Debt (PDD See Definitions**
3. **Bad Debt See Definitions**

Please remember that to write off any account balance in full or in part, the writing off should be:

1. Consistent with the department’s **Bad Debt Policy**, and
2. Approved by the Department Chairperson.

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**Words in Bold Italics are terms defined in the Definitions Column overleaf**
Definitions—Continued

Bad Debt Policy (BDP): A statement approved jointly by the Unit/Department Chair, and the University Controller defining the criteria for estimating the probability of collection of the A/R and for the decision to write off Accounts’ Balances in full or part.

Provision for Doubtful Debt (PDD): The portion of the account receivable for which the probability of collection is highly unlikely.

Bad Debt: The portion of the (PDD) that remained unsettled for a defined period and qualified to be written off according to the Unit/Department BDP, and approved for write off by the Unit/Department Chair.

Cash Imprest: An amount of cash provided by the University to a specific full-time employee to fund a Unit/Department payments up to LE 500, and is replenished periodically.

Budget Center: A budgeting unit through which estimated revenue and expenses are assigned.

Internal Charges: Cost of goods or services provided by a Unit/Department to other University Budget Center.

Controller’s Office August Work Schedule

Disbursement Office
A skeleton workforce is available throughout August to process payment related to New Campus and Summer Renovation, as well as, payments of other departments that -by the definition of its activities- have to work during August. Those departments should notify the controller in writing of their activities during that period and it’s duration.

Payroll Office
Closed August 7th to 31st.

Grants Accounting Office
Closed August 7th to 25th.

General Accounting Office
Closed August 7th to 25th.

Main Cashier
One cashier will be available

Greek Campus Cashier
Works normally during August.

Students Accounting Office
Closed August 7th to 18th

Accounting Support Services
Closed August 14th to Sept 1st.

Treasury Accounting
Closed August 14th to 25th

For Enquiries Please write to beronasser@aucegypt.edu

Other Important Reporting Items

Internal Charges: Please post to CUFS as Period 12 FY 05 entry, charges raised by your Department against other budget centers on or before the Accrual Deadline.

Settlement of Advances: Although an advance reduces the available budget, the expense made through that advance can not be reported if the accounting for that advance is not submitted on or before the Accrual Deadline. Therefore, please present the settlement of outstanding advances before that date, so that your department’s financial information is adequately reported for the year.

Accounting for Per Diem: The above concept of advances applies also to per diem advances, therefore please submit the Accounting for Per Diem form on or before the Accrual Deadline.

Definitions

Account Balance: The amount remaining in an account after all additions and deductions have been recorded.

Fiscal Year (FY): An accounting year that starts in September and ends in August. This period financially represents the normal recurring activities of the University for one year.

End-year Closing: The process through which the University closes all its financial records related to a given fiscal year to prepare for the annual audit and production of the financial statements.

Manual Warrant (MW): The only form to request a payment to be made by the University to a third party. This form is never used for inter-departmental charges.

Matching Principle - In any one given accounting period, you should try to match the revenue you are reporting with the expenses it took to generate that revenue in the same time period, or over the periods in which you will be receiving benefits from that expenditure. Thus, you've "matched" the expense, or cost with the benefits it produces, over the course of the period during which you received those benefits. This matching requirement necessitate the reporting of earned and unearned revenue, and accrued or prepaid expenses.

Earned Revenue: Sales of goods delivered to a third party, or value of services rendered to a third party.

Unearned Revenue: Money received during the fiscal year from third parties for which the requested goods or services have not been delivered or rendered on or before the end of the Fiscal Year.

Accrued Expenses: Cost of goods or services received by a University Unit/Department on or before the end of the Fiscal Year but not paid for to that date.

Prepaid Expenses: Money paid for which the related goods or services is not received on or before the end of the Fiscal Year.

Accounts Receivable (A/R): Amounts owed by a third party to a University Unit / department for goods or services delivered or rendered during the Fiscal Year.