

Closing of Accounts

The importance of Closing of Accounts:

Please take note of the following important aspects regarding the Closing of Accounts:

- Closing of Accounts should be a continuous process. The closing of Accounts is allowed from May (after the balances have been carried forward) till December of each year.
- We want to highlight the importance of the closing of Accounts by also referring to the audit finding comments below from PricewaterhouseCoopers (PwC) during the 2020 audit:

"During substantive audit procedures performed over revenue from contracts, it was noted that the IFRS 15 contract with customers listing included accounts for which contracts had expired and performance obligations have been satisfied. The accounts for the relevant contracts were not closed."

"1. Management should ensure that the accounts for contracts which have been completed, are closed, to avoid the incorrect and inaccurate recognition of income to accounts for which the relevant performance obligations have already been satisfied."

Therefore, please pay special attention to SOF 2, 3 and 5 Accounts for which the purpose has been fulfilled and/or the contracts have been terminated. These Accounts must be closed according to standards that we must adhere to for financial reporting purposes.

- Accounts may NOT be re-used for any other purpose than initially created for. The implications of re-using accounts for any other purpose is that the assigned attributes (for example the sub-fund, Higher education code, contribution, interest, VAT etc.) may lead to incorrect transactions or incorrect recording of transactions in the financial statements. It is your responsibility to ensure that you use the account only for the purpose it was created for.
- If a contract is renewed, it is your responsibility to provide GRT (Chimoné Barends) with the final, signed renewed contract and/or addendum. GRT needs to have the latest info at any stage of the project. GRT will upload the documentation on KFS.
- As soon as the purpose of the Account has been achieved, the contract has ended and/or the project has been finalized, the Account must be closed. If there are funds left in the Account, it should be journalized to a reserve Account and the account must be closed.
- You may apply for a reserve account in your organization to journalize these balances to.
- Accounts (For example NRF) that must still be audited, may not be cleared per Object and closed. NRF Accounts that were already finalised and audited, can however be closed. If you are not sure, please contact Johann du Plessis (x994854).
- Please ensure that you **DO NOT** budget for the next year on Accounts that you want to close.
- By closing inactive Accounts, you simplify your Account structure for the effective management thereof.
- Accounts that are closed will still be available for history purposes in KFS as well as in the KFS reports.
- The account must get an end-date and the Closed indicator must be marked "YES". If this is not the case, the Account is not closed yet.

Possible cases of Accounts that can be closed:

- Accounts that only have small balances and there are no more transactions taking place.
- Accounts that may have been cleared (no balances), but not yet closed in KFS.
- Accounts from projects or contracts that have been completed.
- Accounts that are overspend.

When and how to close an Account:

- Please note that an Account can only be closed in the current year if there is NO balances or pending entries. An Account must be cleared per line (Object); in other words, all the Objects must be zero in order to close it.
- You must also provide the continuation account number for each Account that must be closed. This is the Account number to which the balances were closed.
- A continuation account number can also be added to an account that are in the process of being closed. New transactions then have the option to post to the continuation account instead of the account that's being closed. This will assist in closing the account faster if transactions are not continuously added to the account that must be closed.
- If an Account cannot be cleared per Object due to reporting and/or audit purposes, you may clear it on the bottom line (in total) with a journal on the Fund Object. The Account will however not be finally closed yet. The continuation account is entered as well as a temporary end date. After the balances have been carried forward to the following year (during April), only then can the Account be finally closed if all Objects have zero balances.
- Please refer to the manual available on the KFS website: <http://services.nwu.ac.za/financial-systems/kfs-coa> explaining the complete process and steps to be taken in order to close Accounts. There is also a simplified flow chart explaining the process. The flow chart refers to the relevant page numbers in the manual.
- The manual has important information on how to clear the different types of Objects, what E-docs to use etc.
- Please also refer to the "Closing of Accounts" emails that are annually sent by GRT.
- It is your responsibility to ensure when an Account should be closed, that you inform GRT (Governance, Reporting and Treasury). Request Chimoné Barends (via email) to close the Accounts when all Objects have zero balances.

Rules on Closing of Accounts:

We would like to also give a few rules that can possibly assist with the closing of Accounts:

- SOF 1 – balances cannot be cleared to a SOF 3 reserve account, please use your 1A account or as indicated per account type in the manual - where specific rules apply, for example regarding 1K or 1D accounts.
- SOF 1 – funds may not be used to correct an overspending on a SOF 3 account.
- SOF 2, 3 or 5 – balances can be cleared to a SOF 3 reserve account.
- Only 1K- and 1KT-Accounts (NOT 1D-Accounts) may be closed off to 1KG-Accounts.
- 1D- Accounts (other than Postdoctoral fellowships & Emerging researchers) can be closed off to a 1A-Account or 1G-Account.
- 1D- Postdoctoral Fellowship Accounts: After completion of the postdoctoral fellowship, the remainder of the funds received from the Research Support Office must be returned to 1G01487 (Completer: Heide Goedhals). Please contact Mpe Meintjes (x994856).
- 1D- Old Emerging Researchers Accounts: The remainder of the funds received from grants must be returned, please contact Janine Robert (x852071) or Tebogo Kgaile (x892490).
- 1DA, 1DB, 1DC, 1DD: The remainder of the funds from UCDP grants must be returned, please contact Janine Robert (x852071) or Tebogo Kgaile (x892490).
- Incentive funding for rated researchers (2S & 1TR - Accounts) may NOT be closed off to 1K / 1KS / 1KG / 1KT Accounts.
- SOF 2 and 3 accounts may not be closed off to another SOF 2 or 3 account with an active contract or agreement.
- SOF 2 and 3 accounts must rather be closed off to a reserve account. You may use these funds in the reserve account to correct overspending, pay bursaries etc.