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Books not Closed Within 60 Days (Part 6)

TCA Section 9-2-102(b) states, “It is the duty of all local governments that are subject to the audit requirements of the comptroller of the treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two months after the close of their fiscal year.”

For purposes of implementing the requirement of this statute, “closing the books” refers to making those journal entries necessary to close an accounting cycle and prepare the records for a new accounting cycle.

This may appear easy to accomplish but we must use modified accrual accounting, or accrual for enterprise funds, which utilize a “60 day period of availability. In essence, some revenues and expenses must be accrued up to 60 days after June 30. This may introduce more estimations into those journal entries in order to complete the books closing within two months of year end.

Have competent, trained accounting personnel who can ensure financial records, reports, statements and supporting schedules are ready for audit in a timely manner.

This series will review the 10 most common audit findings as reported by the Tennessee State Comptroller’s Office. All published parts in this series can be read here:
<https://www.mtas.tennessee.edu/knowledgebase/10-most-common-audit-findings-tennessee-municipalities>

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