FY18 Year-End Close Process

Presented by Accounting Services & Accounts Payable
Learning Objectives

- Fiscal Year Period
- The Importance of Fiscal Year end Close
- Type of Cutoffs – Prepaids and Accruals
- Process Flow Chart
- Invoice Approval Process
- Deadlines
Fiscal Year Period

• Begins July 01 and Ends June 30

• FY18 = July 01, 2017 through June 30, 2018
• FY19 = July 01, 2018 through June 30, 2019
Importance of Fiscal Year-End Close

- Adhere to U.S. Generally Accepted Accounting Principles (GAAP)
- Close of operating budgets
- Audit timeline
- Prepare financial statements
What is GAAP?

• Set of accounting principles, standards and procedures
• Why?
  – True and Fair reporting
  – Consistent methods amongst all organizations
  – Reliable data to measure economic activity
• Requires using the Accrual Basis of Accounting
  – Match Revenue & Expenses
    • Record transaction to FY it occurred
    • Not when payment was made
Accrued Expenses

Expenditures incurred but no payment made during a fiscal year

• If goods received or service performed on or before June 30th, 2018 
  AND
• The invoice is not paid prior to cutoff date, accrue the expense in FY 18

• Examples:
  – Employee Reimbursements
  – Outside Contractor Services
  – Supplier Invoices for Goods
  – Utilities
Accrual Basis Accounting requires that goods be charged to the period in which they arrived at the University.

- This merchandise was shipped in FY18 but the invoice arrived at AP in FY 19, therefore it must be accrued to the correct transaction period in FY18.
Prepaid Expenses

Expenditures paid in advance in the current fiscal year but will not be completed or occur until the next fiscal year/future

• If an invoice is paid on or before June 30th, 2018
  AND
• A good is not received or service is not completely performed prior to the cutoff date, record as an asset in FY 18 and expense in FY19

• Examples of prepaid expenses:
  – Service contracts
  – Subscriptions
  – Memberships
  – Maintenance agreements
  – Software license agreements
Accrual Basis Accounting requires that goods be charged to the period in which they arrived at the University.

- This invoice was received and paid in FY18 but the annual membership will start in FY19, therefore it must be expensed in the correct transaction period in FY19.

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Unit Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yearly Membership</td>
<td>$ 500.00</td>
<td>$ 500.00</td>
</tr>
</tbody>
</table>

**If paid after 06/23/18 $800.00 regular fee applies**

Subtotal: 500.00
Sales Tax: 0.00
Shipping & Handling: 0.00

Total Due By 6.23.2018: $500.00
Fiscal Year-end Cutoff in regards to Expenses

- Items received/Services performed and completed on or before 6/30/18 will be charged and recorded to FY18

- Items received/Services performed and completed on or after 7/1/18 will be charged and recorded to FY19, even if an encumbrance (FY18 PO) has already been established.
Timing

- When did the service take place?
- When did you actually receive the goods?
- Not when the end-user completes receiving in Banner.

For example:
- Did you actually receive your office supplies in FY18 or FY19?
- Is the membership or subscription for FY18 or FY19?
Making sure you are still awake

IT'S ACCRUAL

WORLD OUT THERE
Process Flow Chart - Beginning to End

End-user creates requisition

Purchasing converts to PO

Vendor fills the order

Invoices are sent to AP

AP reviews and processes for payment

End-user receives the items and completes receiving in Banner
The Invoice

- A document detailing a sales transaction, containing a list of goods shipped or services rendered, with an account of all cost.
# Invoice Sample

**Your Company Name**

**Bill To:**
C1007  
ABC Company  
123 Big Forest Valley  
Ottawa, On Z12345  
Canada

**P.O. #**  
C200612006

**Ship To:**
SH Name 1  
SH Address 1  
SH CityState 1 SHZ12345  
USA

<table>
<thead>
<tr>
<th>P.O. #</th>
<th>Sales Rep. Name</th>
<th>Ship Date</th>
<th>Ship Via</th>
<th>Terms</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>C200612006</td>
<td>Sales1</td>
<td>11/17/2006</td>
<td>UPS</td>
<td>Net 7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product ID</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Line Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1003</td>
<td>Motorola E315</td>
<td>10</td>
<td>420.00</td>
<td>4,200.00</td>
</tr>
<tr>
<td>P1000</td>
<td>Nokia 3220</td>
<td>12</td>
<td>199.99</td>
<td>2,399.88</td>
</tr>
<tr>
<td>P1004</td>
<td>Non-taxable item</td>
<td>6</td>
<td>200.00</td>
<td>1,200.00</td>
</tr>
<tr>
<td>P1002</td>
<td>Its a service</td>
<td>3.2</td>
<td>266.62</td>
<td>817.66</td>
</tr>
<tr>
<td>P1006</td>
<td>Motorola V3 Razr Black</td>
<td>10</td>
<td>500.00</td>
<td>5,000.00</td>
</tr>
</tbody>
</table>

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**Notes:**

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**SUBTOTAL:** 13,417.64  
**PST:** 6.50% 887.14  
**GST:** 3.20% 357.35  
**SHIPPING & HANDLING:** -  
**TOTAL:** 14,622.04  
**PAID:** -  
**TOTAL DUE:** 14,622.04

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THANK YOU FOR YOUR BUSINESS!
Invoice Approval Process

- All invoices must be submitted to Accounts Payable and approved electronically through Banner 9. When AP reviews invoices, we assure proper PO’s are issued and Receiving is completed electronically in Banner 9. (FPARCVD)
  - Please note: All invoices should be forwarded to the Accounts Payable department or sent to invoices@rowan.edu.

- The Banner receiving process is certifying that you have received the goods and you are authorizing Accounts Payable to issue payment to the vendor.
Processing AP documents

Criteria for processing AP documents in fiscal year 2018:

- Invoices:
  - A valid purchase order number with sufficient funds on PO
  - Sufficient funds available in the line item FOAPAL (FGIBDST)
  - Receiving must be completed in Banner 9 (FPARCVD)

- The MDV, Mileage log and Travel document:
  - Must be properly completed and approved
  - A valid FOAPAL with sufficient funds in the line item (FGIBDST)
  - Original receipts / proper justification for reimbursement and / or invoice

- Goods and services must be received or performed no later than June 30th

- The documents need to be received in AP by the deadlines (July 13th)
“If an invoice is due in 30 days, we pay it in 60 days. If it’s due in 60 days, we pay it in 90 days. If it’s due in 90 days, then they probably don’t need the money anyway.”
Important Dates for Fiscal 2018 Close

June 15, 2018  
Last day to process requisitions for FY18 goods and services. Please place your purchase order with appropriate documentation and required approvals to allow conversion to PO. Goods and/or services received by the close of the fiscal period June 30, 2018 will be charged to FY18 budget.

June 22, 2018  
Office Depot orders should be placed by 6/22/18.

June 22, 2018  
All P-card transactions posted by the credit card company by June 30th will be charged against FY18. ** Cards used will be suspended from this date until 7/1/18.

June 29, 2018  
Any open purchase orders at the close of FY18 (6/30/18) will be charged against FY19 budget.

June 29, 2018  
Goods to be charged against FY18 budget must be physically and electronically received by the close of business day.

July 02, 2018  
The Banner Finance System will be available for FY19 processing.

The cutoff dates do not apply to Grants or to Capital funded accounts.
Accounts Payable Deadlines:

• **July 13, 2018**

  – Cutoff date to submit invoices to record FY18 expenses to Accounts Payable.

  – Cutoff date for processing Accounts Payable documents which include MDVs, travel expense vouchers, and mileage to be recorded in FY 18 for goods and services received on or before June 30, 2018.
What happens after July 13th?

• Remaining balances on FY18 purchase orders roll to FY19

• Ongoing review of expense and revenue transactions for classification as **accrual** or **prepaid**

• **THE EXTERNAL AUDIT!**
Who’s involved?

• The entire campus community is one team trying to accomplish the University mission
What is your role?

- Review your reports and research any unusual or incorrect items (should be done throughout the year) as soon as possible.

- Ensure proper cutoff for transactions during June and July.

- Make sure all deadlines are met and that you have followed all year-end procedures

- Ensure your budget has sufficient funds in the specific account line to cover all payments before sending your invoice to Accounts Payable.

- Make sure all your receiving has been completed in Banner 9, as applicable.

- Please ask questions if you need help!!
Important Information:

- During June and July – Two fiscal years are open
- Review and check your budget for open purchase orders “FGIOENC”
- Send all invoices to Accounts Payable with a valid PO # and sufficient funds on PO and FOAPAL
- Complete receiving in Banner 9 for all goods that arrived or services performed at Rowan University
- Verify “FOIDOCH” to ensure all invoices are entered and paid
Invoices

• The appropriate documentation must be submitted by July 13th in order to be recorded in fiscal 2018:
  
  • Invoices
  • Travel Expense forms
  • MDVs
  • Mileage logs

• All AP forms can be found at:
  http://www.rowan.edu/adminfinance/accountspayable/downloadabledocuments.html
Thank you

Contact Information:

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thompsonma@rowan.edu

Jessica Yeung  
Staff Accountant  
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yeung@rowan.edu
Survey

FY 18 Year-End Close – Accruals

Please view this QR code in the camera on your cell phone and then open the survey from the top of the screen or use link below to complete the survey.

https://tinyurl.com/finfy18