FY19 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
- FY19 = July 01, 2018 through June 30, 2019
- FY20 = July 01, 2019 through June 30, 2020
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 30\textsuperscript{th}, 2019
  
  \textbf{AND}

• The invoice is not paid prior to cutoff date, accrue the expense in FY 19

• 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 FY19 but the invoice arrived at AP in FY 20, therefore it must be accrued to the correct transaction period in FY19.
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, 2019

  AND

• A good is not received or service is not completely performed prior to the cutoff date, record as an asset in FY 19 and expense in FY 20

• 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 FY19 but the annual membership will start in FY20, therefore it must be expensed in the correct transaction period in FY20.
Fiscal Year-end Cutoff in regards to Expenses

- Items received/Services performed and completed on or before 6/30/19 will be charged and recorded to FY19

- Items received/Services performed and completed on or after 7/1/19 will be charged and recorded to FY20, even if an encumbrance (FY19 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 FY19 or FY20?
- Is the membership or subscription for FY19 or FY20?
Process Flow Chart - Beginning to End

- End-user creates requisition
- Purchasing converts to PO
- Vendor fills the order
- End-user receives the items and completes receiving in Banner
- Invoices are sent to AP
- AP reviews and processes for payment

Rowan University
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**

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**Your Company Name**

**Address**

Street Address
City, ST, ZIP Code
Phone Number, Website Address, etc.

**INVOICE**

**DATE:** November 17, 2006

**INVOICE #:** INV1000

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

**Ship To:**
SH Company
SH Address 1
SH City State I 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>
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</thead>
<tbody>
<tr>
<td>C200612006</td>
<td>Sales1</td>
<td>11/17/2006</td>
<td>UPS</td>
<td>Net 7</td>
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<table>
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<tr>
<th>Product ID</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Line Total</th>
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<tbody>
<tr>
<td>P1003</td>
<td>Motorola E815</td>
<td>10</td>
<td>420.00</td>
<td>4,200.00</td>
</tr>
<tr>
<td>P1004</td>
<td>Nokia 3220</td>
<td>12</td>
<td>199.99</td>
<td>2,399.88</td>
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<tr>
<td>P1005</td>
<td>Non-taxable item</td>
<td>6</td>
<td>200.00</td>
<td>1,200.00</td>
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<tr>
<td>P1006</td>
<td>It is a service</td>
<td>3.2</td>
<td>265.62</td>
<td>817.66</td>
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<tr>
<td>P1007</td>
<td>Motorola V3 RAZR Black</td>
<td>10</td>
<td>500.00</td>
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**SUBTOTAL:** 13,417.54

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**PST:** 6.50%

**GST:** 3.20%

**SHIPPING & HANDLING:** 0.00

**TOTAL:** 14,622.04

**PAID:** 0.00

**TOTAL DUE:** 14,622.04

**THANK YOU FOR YOUR BUSINESS!**

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Rowan University
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. (FPARCVI)
  – **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 2019:

- **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)

- **Non-POs and Travel documents:**
  - 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 12th**)
Important Dates for Fiscal 2019 Close

June 14, 2019  Last day to process requisitions for FY19 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, 2019 will be charged to FY19 budget.

June 21, 2019  Office Depot orders should be placed by 6/21/19.

June 21, 2019  All P-card transactions posted by the credit card company by June 30th will be charged against FY19. ** Cards used will be suspended from this date until 7/1/19.

June 28, 2019  Any open purchase orders at the close of FY19 (6/30/19) will be charged against FY20 budget.

June 28, 2019  Goods to be charged against FY19 budget must be physically and electronically received by the close of business day.

July 01, 2019  The Banner Finance System will be available for FY20 processing.

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

• **July 12, 2019**

  – Cutoff date to submit invoices to record FY19 expenses to Accounts Payable.

  – Cutoff date for processing Accounts Payable documents which include Non-POs, and travel expense vouchers, to be recorded in FY 19 for goods and services received on or before June 30, 2019.
What happens after July 12\textsuperscript{th}? 

- Remaining balances on FY19 purchase orders roll to FY20

- 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 12th* in order to be recorded in fiscal 2019:

• Invoices
• Travel Expense forms
• Non-PO forms

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

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