To: Campus Community

From: Lillian Nash, University Controller Date: April 19, 2021

Re: Fiscal Year 2021

Financial Closing Schedule

As the University prepares for the conclusion of the academic year, we must also prepare for the close of Fiscal Year (FY) 2021, which ends June 30th. The Controller’s Office thanks you in advance for your assistance with fiscal year-end activities. We created this memo to help ensure an efficient year-end close.

The University follows Accounting Principles Generally Accepted in the US (US GAAP) and procedures which are promulgated by the Financial Accounting Standards Board (FASB) and the Government Accounting Standards Board (GASB) to properly record transactions and close the financial records for any given fiscal year. In order to meet these standards, careful planning is required to ascertain that expenditures are properly recorded and charged in the appropriate fiscal year.

Year-end closing requires the coordinated efforts of the Controller’s Office, Procurement, Student Accounts, Budget Office, and campus cost centers to ensure that all financial activity is accurately recorded. It is important that all cost center managers review and reconcile their ledgers, verifying that all FY21 requisitions, invoices, travel expenses, and payroll transactions have been recorded accurately. Before closing, it is also necessary to ensure the accuracy of any outstanding obligations (purchase orders and travel authorizations) for the year so that budget balances can be accurately carried forward.

During the months of May and June, please use the *Operating Budget Variance for Organization (R002)* report to review your accounts. If there are missing or incorrect transactions, please take the necessary action to ensure they are posted correctly. Actions to be taken may include budget amendments, accounting adjustments, payroll adjustments, and accounting journals.

In order to support year-end closing efforts, there will be Zoom sessions allowing requisitioners to get assistance with closing requisitions or purchase orders, to create change orders for purchase orders, and to remove drafts from requisitions and receipts to clean their requisition queues. Representatives from Accounts Payable and Procurement will be present to answer any questions. Please note the dates below and email yearendquestions@montclair.edu to schedule a 15-minute time slot within the block of time noted below:

Wednesday, April 21st 10:00am - 12:00pm Thursday, April 29th 1:00pm – 3:00pm Friday May 7th 10:00am - 12:00pm Thursday May 20th 1:00pm-3:00pm Tuesday, June 8th 10:00am-12:00pm Thursday June 17th 1:00pm-3:00pm

The following year end closing dates for FY21 will assist you in planning your remaining expenditures for this year.

**BUDGET AMENDMENTS (Non Grant Related)** – It is recommended that in May you review your budgets and make all transfers needed for June spending. Budget amendments to accommodate FY21 purchase orders must be submitted to the Budget Office no later than May 21, 2021. All other budget amendments for spending that do not involve purchase orders must be submitted by June 11, 2021. ***Please do not submit budget amendments between accounts in the same budget (parent) pool.***

**PURCHASING** – It is strongly recommended that **requisitions be entered and approved in Workday by May 21** to allow time for the Purchase Order to be dispatched. **All requisitioning will be cut off at the end of day June 3rd for FY21.** An exception will be made for Grant requisitioning that is required to carry out mandatory requirements. Please contact Cheri Jefferson - jeffersonc@montclair.edu for access.You should have the PO Requester or a Cost Center Manager with the receiver role available to complete the transaction. **Any requisition that has not been converted into a purchase order by end of day June 24, will be cancelled. All purchase orders that do not have a receipt attached by June 30, 2021will be rolled over into FY22 and expenditures will be charged against your FY22 budget.** Any FY21 purchase order rolled over into FY22 that is not received by August 20, 2021 will be closed. The Controller’s office will provide a list of open Purchase Orders to each unit by June 11, 2021.

Workday will be open for FY22 requisitions beginning July 1, 2021.

# RECEIVING – All goods and services relating to FY21 must be physically received and have a receipt entered in Workday by June 30, 2021 in order to be recorded in FY21. FY21 requisitions received after June 30 will have all expenditures charged to FY22.

**PAYMENTS TO SUPPLIERS** – The final check run for FY21 will be June 30.

**Supplier Invoices** - Must be submitted to Invoices@mail.montclair.edu by June 17.

**Purchase Order payments can not be made without a receipt. Please check all open purchase orders to make sure all receipts have been entered and its status is approved.**

**Supplier Invoice** cutoff time is – 4:30 PM, June 17, 2021. This will allow time for all approvals and for the resolution of any processing issues. Pay attention to any system notifications you may receive as notifications for Approvals, Budget Errors, and Missing Receipts must be resolved in order for payments to be made. Budget errors in particular MUST be resolved by June 28.

**Expense Reports**– Expense Reports for expenses that were incurred on or prior to June 30th, must be submitted and approved for reimbursement no later than July 8th, 2021 in order to be charged against your FY21 budget. All **Corporate Travel card** transactions posted to Workday by June 30 must be expensed in an approved Expense Report no later than July 8th. If card purchases are made by June 30th but have not been posted in Workday by July 8th, proof of purchase must be emailed to Travel@montclair.edu by July 8th.

**Please note: If completing an Expense Report after June 30th for expenses incurred prior to July 1st, the report date must be changed to June 30th in order to be charged to FY21.**

**P-CARD** – All purchases on the University’s Pcard that occur on or before June 30, 2021 will be charged to FY21. Plan your purchases accordingly with consideration given to available budget and budget amendments as described in the Budget Amendment section above. All purchases that have a transaction date on or before June 30, 2021 are to be verified by the cardholder by **July 7th** and **approved by the p-card approver by July 8th**. Please plan for the approval process by such date. Note: The **Document Date** on a p-card verification defaults to the current date, including transactions from the current date or prior. ***It is important to change the document date to June 30, 2021 if the purchases were received on or before June 30, 2021 for them to be expensed to FY21.*** If the P Card purchases with a transaction date on or before June 30, 2021 are not received until FY22, then, the p-card verification should be performed in FY22 and will be charged to FY22.

**ACCRUALS** – An accrual, or accrued expense, is a means of recording an expense that was incurred in one accounting period but not paid until a future accounting period. Accruals differ

from Accounts Payable transactions in that an invoice is usually not yet received and entered into the system before the year end. Recording an accrual ensures that the transaction is recognized in the accounting period when it was *incurred*, rather than when it was paid. This is a requirement of US GAAP and provides a more accurate and up-to-date view of the University’s financial position than the cash basis accounting method, in which expenses are recorded when paid. For an expense to be recorded in the current fiscal year, the expense should have been incurred by June 30th, meaning that the goods should have been received or services should have been rendered by that date (end of day).

**Standard (Receipt) Accruals are recorded automatically** based on receipts entered against purchase orders by the University cost centers. If goods are entered as received, but they **have not been paid yet**, the system will record the expense as an accrued expense. The expense will be posted (debited) in FY21 and the reversal (credit) will be posted in FY22. This credit will be in place so that when the invoice is actually paid in FY22, there will be no effect on the FY22 budget.

A receipt for goods and services received must be entered by the end of day, June 30th. **All goods and services that are to be accrued must have proof of delivery attached to the receipt.** This could be a packing slip, a delivery ticket, or a [Certification of Receipt of Services Template.](http://www.montclair.edu/finance-and-treasury/wp-content/uploads/sites/158/2018/08/Certification-of-Receipt-of-Services.docx)

**Payroll Accrual -** The last salary payroll of the year is the pay period ending June 18, 2021. An accrual will be calculated based on the pay period ending July 3, 2021. The accrual will be recorded on or about July 10th with an effective date of June 30, 2021. Any reallocations that are to be reflected in FY21 need to be provided to Brittany Gannon at gannonb@montclair.edu by June 10th.

**ACCOUNTS RECEIVABLE POLICY** – To ensure the University financial statements correctly reflect all amounts owed to the University in accordance with US GAAP, revenues must be recognized when they are earned, and not necessarily when payment is received. Revenues are generally earned when goods are shipped or services are performed. All cost centers involved with invoicing sales, services, and assessments are required to report year-end receivables to the Controller’s Office for recording into Workday. Each cost center must maintain records and supporting documentation for their accounts receivable. In support of this requirement, all cost centers must submit requests to establish accounts receivable **for amounts greater than $20,000 earned in** FY21 where the payment is expected to be received in FY22, to

accountsreceivable@montclair.edu by June 10th. General Accounting will then provide instructions on how to establish those receivables in Workday. For Cost Centers utilizing Workday’s Customer Accounts functionality, please ensure all invoices related to FY21 are created and submitted no later than July 8th. Any delays in creating such invoices due to amounts being finalized should be communicated to General Accounting at the above mailbox by July 8th.

**Non-Student Unearned Revenue -** Any revenues recorded during the year that have not yet been earned by the end of the FY21 should be recorded as unearned income (also known as deferred revenue). Revenue is considered earned only when 1) A business transaction has been completed to sell goods or services, 2) the goods or services have been delivered or performed, and 3) cash has been collected or collection has been assured. Please refer to **Year End Cash and Cash Receipts** below for cash received related to unearned (deferred) revenue and **Accounting Journals** below in reclassing earned revenue to deferred revenue.

**YEAR END CASH AND CASH RECEIPTS** – Cash and checks collected are to be deposited upon receipt. All deposits must be delivered to the Cashiers Office by 10:00 AM, Thursday, June 24, 2021 to be recorded in Fiscal Year 2021. (Note: Deposits cannot be backdated.) Any receipts received after this period will be processed beginning July 1, 2021, and will post to the new year (fiscal year 2022 – Period 1.) Please ensure that a Cash Sale or a Customer Payment is recorded in Workday prior to the cash receipts being delivered to the Cashiers Office. For cash receipts which are advance payments of FY22 revenues that are deposited on or prior to June 24, 2021 use revenue code *RC0249 - Deferred Revenue* in the Cash Sale to ensure the revenue is recorded in FY22.

**INTERNAL SERVICE DELIVERY** - This functionality is used to pay for the delivery of interdepartmental services. All internal service deliveries are initiated at the time the service or delivery of services have occurred. All internal service deliveries related to FY21 need to be approved by July 2nd for inclusion in FY21 or the request will be deleted.

# NOTE: The Document Date defaults to the current date. It is important to change the document date to June 30, 2021 if the transactions relate to FY21.

**ACCOUNT (Actuals) TRANSFERS** – Account (Actuals) Transfers include Accounting Adjustments and Accounting Journals. Account (Actuals) Transfers must have all cost center approvals and be **awaiting General Accounting approval** by 4:30 PM, Thursday, July 8, 2021 for inclusion in FY21 or the request will be deleted. Prior to submission of account (actuals) transfers, complete all budget transfers by the dates noted above to ensure there is available budget at the parent pool level to cover the account (actuals) transfer.

**Accounting Adjustments** - Accounting adjustments are used to reassign an Actual

Expense by changing the associated worktags, either within the same cost center or between cost centers. To process an accounting adjustment, the supplier invoice or the expense report must be in a PAID status. The p-card transaction must be VERIFIED and APPROVED. Each line of a document can be adjusted, the amount of the line cannot be split. If a split is required, an accounting journal will need to be created with the original document (i.e expense report or supplier invoice) attached to the journal. Spend categories (current or proposed) marked for tracking (assets) cannot be included in an accounting adjustment.

**Accounting Journals** - Accounting journals are used when an Accounting Adjustment or an Internal Service Delivery cannot be made. It is used to reassign Actual Revenue or Actual Expense that cannot be made through an accounting adjustment or an internal service delivery within the same cost center or between cost centers.

# NOTE: The Accounting Adjustment Date for Accounting Adjustments and Accounting Date for Accounting Journals defaults to the current date. It is important to change the accounting (adjustment) date to June 30, 2021 if the transactions relate to FY21.

**PREPAID EXPENSES** – Prepaid expenses are payments made to suppliers in advance of receiving the goods or services. If the payment was made in FY 2021 and $20,000 or more relates to FY 2022 or subsequent fiscal years, please complete an accounting adjustment on the paid supplier invoice by adding an additional worktag: **Transaction detail**

- **Prepaid Expense**. This additional worktag is for tracking and financial reporting purposes only by General Accounting and does not affect expenses or budget. The full value of the prepaid expense will be absorbed by the budget in the fiscal year the payment is made. Please complete any accounting adjustments related to prepaid expenses by **July 8th**.

**FOUNDATION TRANSFERS** - For amounts transferred from the Foundation to the University, please ensure such requests are provided to Elaine Defrancisci (defranciscie@montclair.edu) at the Foundation no later than **June 15th**. For funds that are expected to be used for FY21 expenses please make a request ***earlier*** by taking into consideration FY21 requisition and budget amendment deadline dates.

**GRANTS PROJECTS** - Sponsored projects should follow all applicable dates indicated above as able. Requisitioning that is required to carry out mandatory requirements is allowable. Please contact Cheri Jefferson (jeffersonc@montclair.edu) for access.

**CATERING -** Please plan to have your requisitions for catering orders through 6/30 completed by June 12th. For emergency orders after June 12th, please contact Cheri Jefferson. All orders must have a Purchase order and a receipt entered by June 30th in order to be charged to FY21 so plan accordingly.

**SUMMARIZED CLOSE SCHEDULE**

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| **Activities** | **Must be completed by:** |
| **Budget Amendments** |  |
| **- Purchase order related amendments** | **May 21st** |
| **- All other budget amendments** | **June 11th** |
| **Enter requisition (exception-Grant emergencies)** | **June 3rd** |
| **Supplier invoices submitted to AP (invoices@montclair.edu)** | **June 17th** |
| **Deposit checks/cash** | **June 24th** |
| **Final check run** | **June 30th** |
| **Enter receipt in Workday** | **June 30th** |
| **Internal Service Delivery** | **July 2nd** |
| **Expense Reports (includes all travel card transactions)** | **July 7th** |
| **Pcard transaction approval** | **July 7th** |
| **Account (Actuals) Transfer** (Accounting Journals/Accounting Adjustments) | **July 8th** |
| **Accounts Receivable** | **June 10th** (if not currently utilizing Workday Customer Accounts functionality)**July 8th** (via Workday Customer Accounts) |

Please review your expenses and open obligations, i.e., open purchase orders. This will help to ensure that next year’s budget will not be charged for current year expenditures. Cost Center

Managers are also asked to review open purchase orders and notify Procurement Services of any orders that need to be closed.

**Reminder:** Workday Finance Job aids are available at the following website: [Job Aids – Finance And Treasury - Montclair State University](https://www.montclair.edu/finance-and-treasury/workday-resources/finance-job-aids/). Help desk can be reached via email at wccsupport@montclair.edu.

Your cooperation in meeting these deadlines is necessary and greatly appreciated. Any purchasing or P-Card related questions may be directed to the Office of Procurement Services to shoularse@montclair.edu . All other questions may be directed to the University Controller’s Office at yearendquestions@montclair.edu .

The new fiscal year (FY22) will be open for processing on July 1, 2021! Thank you for all your hard work throughout the year, and for helping to ensure a smooth close to FY21.

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