To: Campus Community
From: Michael Galvin, Interim Vice President for Finance and Treasurer
Date: April 8, 2022
Re: Fiscal Year 2022 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) 2022, which ends June 30th. Finance & Treasury 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 FY22 requisitions, invoices, travel expenses, supplier creation and payroll transactions have been recorded accurately. Before closing, it is also necessary to ensure the accuracy of any outstanding obligations (purchase orders) for the year so that commitments can be accurately carried forward.

During May and June, please use the Operating Budget Variance for Cost Center(R002) report(s) 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, create change orders for purchase orders, remove drafts from requisitions and receipts to clean their requisition queues, and any general accounting questions. Representatives from Accounts Payable, Procurement, Grant Accounting and General Accounting 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 20th  10:00am - 12:00pm
Thursday, April 28th  1:00pm - 3:00pm
Friday May 6th  10:00am - 12:00pm
Thursday May 19th  1:00pm-3:00pm
Wednesday, June 8th  10:00am-12:00pm
Thursday June 16th  1:00pm-3:00pm

The following year end closing dates for FY22 will assist you in planning your remaining expenditures for this year.
**BUDGET AMENDMENTS (Non-Grant Related)** – It is recommended that in April and May, you review your budgets and make all transfers needed for any further FY22 year-end spending. Budget amendments to accommodate FY22 purchase orders must be submitted to the Budget Office no later than May 21, 2022. All other budget amendments for spending that do not involve purchase orders must be submitted by June 11, 2022. Please do not submit budget amendments between ledger accounts in the same budget (parent) pool.

**BUDGET AMENDMENTS - (Grant related)** - Please note that you can submit your own budget amendments for grants and it will route to grants accounting for approval.

**SUPPLIER CREATION REQUESTS** - The turnaround time for a supplier to be entered into Workday is seven (7) business days. This is applicable only if all required information is submitted. The seven (7) business days are subject to year-end volume and may be longer. It is strongly suggested to submit your Supplier Create Form promptly and accurately.

**PURCHASING** – It is strongly recommended that all requisitions be entered and approved in Workday by May 20, 2022 to allow time for the Purchase Order to be issued to the supplier. All requisitioning access will be cut off at the end of day May 27th for FY22, unless they relate to capital projects or grants. Grants with a different year end from that of the University’s will be processed in accordance with the terms of the individual grant. 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 the end of day on June 23rd, will be canceled. All purchase orders that do not have a receipt attached by June 30, 2022, will be rolled over into FY23 and expenditures will be charged against your FY23 budget. Any FY22 purchase order rolled over into FY23 that is not received by August 19, 2022, will be closed. The above identified dates will be strictly enforced to ensure the year-end close can be completed on time.

*FY22 purchase orders received after June 30 will have all expenditures charged to FY23.*

**RECEIVING** – All goods and services relating to FY22 must be physically received and have a receipt entered in Workday by June 30, 2022 in order to be recorded in FY22. 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.

**PAYMENTS TO SUPPLIERS** – The final check run for FY22 will be June 30. Purchase Order payments cannot be made without a receipt. Please check all open purchase orders to make sure all receipts have been entered and its status is approved.

**CATERING** - Please plan to have your requisitions for catering orders through 6/30 completed by June 2nd. All orders must have a Purchase order and a receipt entered by June 30th in order to be charged to FY22 so plan accordingly.

**SUPPLIER INVOICES ENTERED BY REQUESTERS** - cutoff time is end of day June 23, 2022. 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.

**SPEND AUTHORIZATIONS** - All Spend Authorizations for travel in FY 22 must have a report date of no later than Jun 30, 2022 in order to be charged to FY22. Authorizations for travel in FY23 must not be entered into Workday until July 1, 2022. Any Spend Authorization for FY23 travel that is entered before July 1, will be canceled. Fund commitment will not roll over to the next year. All open Authorizations will be closed as of July 14th.
**CASH ADVANCES** - All cash advances must be either accounted for with an Expense Report or paid back through the Cashier’s office by Jul 7, 2022. When paying back unused cash advances, you must give the cashier your name and Spend Authorization number.

**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, 2022 in order to be charged against your FY22 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 FY22.

It is the department’s responsibility to cancel all draft documents by June 30.

**P-CARD** – All purchases on the University’s Pcard that occur on or before June 30, 2022 will be charged to FY22. 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, 2022 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, 2022 if the purchases were received on or before June 30, 2022 for them to be expensed to FY22.** If the P-Card purchases with a transaction date on or before June 30, 2022 are not received until FY23, then, the p-card verification should be performed in FY23 and will be charged to FY23

**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 FY22 and the reversal (credit) will be posted in FY23. This credit will be in place so that when the invoice is actually paid in FY23, there will be no effect on the FY23 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.

**Payroll Accrual** - The last salary payroll of the year is the pay period ending June 17, 2022. An accrual will be calculated based on the pay period ending July 1, 2022. The accrual will be recorded on or about July 7th with an effective date of June 30, 2022. Any reallocations that are to be reflected in FY22 must be reported to teixeirad@montclair.edu.
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 who are not using the Workday Customer Accounts functionality must submit requests to establish accounts receivable for amounts greater than $20,000 earned in FY22 where the payment is expected to be received in FY23, 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 FY22 are created and submitted no later than July 8th. For new customer set-ups in Workday, please open a ticket via wc支持@montclair.edu. 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 FY22 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 23, 2022 to be recorded in FY22. (Note: Deposits cannot be backdated.) Any receipts received after this period will be processed beginning July 1, 2022, and will post to the new year (fiscal year 2023 – 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 FY23 revenues that are deposited on or prior to June 23, 2022 use revenue code RC0249 - Deferred Revenue in the Cash Sale to ensure the revenue is recorded in FY23.

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 FY22 need to be approved by Wednesday, July 6 for inclusion in FY22 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, 2022 if the transactions relate to FY22.

ACCOUNT TRANSFERS (Actuals) – It is recommended that in April and May, you review your Actuals and make all (actuals) transfers needed for year to date activity prior to the end of the FY. 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 7, 2022 for inclusion in FY22 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 an 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, 2022 if the transactions relate to FY22.

**PREPAID EXPENSES** – Prepaid expenses are payments made to suppliers in advance of receiving the goods or services. If the payment was made in FY22 and $20,000 or more relates to FY23 or subsequent fiscal years, please complete an accounting adjustment on the paid supplier invoice by adding an additional worktag: Prepaid Expense as Transaction Detail. 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 7th**.

**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 1st**. For funds that are expected to be used for FY22 expenses please make a request **earlier** by taking into consideration FY22 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.
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<thead>
<tr>
<th>Activities</th>
<th>Must be completed by:</th>
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<tbody>
<tr>
<td>Budget Amendments</td>
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<tr>
<td>Budget Amendments - Purchase order related amendments</td>
<td>May 21st</td>
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<tr>
<td>Enter requisition (exception-Grant emergencies)</td>
<td>May 27th</td>
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<tr>
<td>Accounts Receivable</td>
<td>June 10th (if not currently utilizing Workday Customer Accounts functionality)</td>
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<tr>
<td>Budget Amendments – amendments other than for purchase orders</td>
<td>June 11th</td>
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<td>Supplier invoices submitted to AP (<a href="mailto:invoices@montclair.edu">invoices@montclair.edu</a>)</td>
<td>June 23rd</td>
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<tr>
<td>Deposit checks/cash</td>
<td>June 23rd</td>
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<tr>
<td>Final check run</td>
<td>June 30th</td>
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<tr>
<td>Enter receipt in Workday</td>
<td>June 30th</td>
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<td>Expense Reports - Expenses for FY22 must have a report date of June 30th</td>
<td>June 30th</td>
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<td>Internal Service Delivery</td>
<td>July 6th</td>
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<td>Account (Actuals) Transfer (Accounting Journals/Accounting Adjustments)</td>
<td>July 7th</td>
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<td>Pcard transaction approval</td>
<td>July 8th</td>
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<td>Cash Advances - must be accounted for with an Expense report or paid back to Cashier</td>
<td>July 8th</td>
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<tr>
<td>Expense Reports (includes all travel card transactions) must be approved.</td>
<td>July 8th</td>
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<tr>
<td>Accounts Receivable- (via Workday Customer Accounts)</td>
<td>July 8th</td>
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OPEN OBLIGATIONS- 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. 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 (FY23) will be open for processing on July 1, 2022! Thank you for all your hard work throughout the year, and for helping to ensure a smooth close to FY22.