Managing Year-End Close Activities
Fiscal Year 2019

July 24, 2019

Presented by:
Jason Taloma
FMS Financial Systems & Reporting
Kendra Brazile
FMS Controller’s Office
# Agenda

Managing Year-End Close (YEC) Activities

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FY 2019
Year-End Close
13 business days
Year-End Close Stages

**Preparation: 8/1 – 8/27**
- OSA clearing, expense and AP transaction deadlines

**Expenditure Data: 8/28 - 9/5**
- AP module closes on 8/28
- All new expenditure transactions finalized
- Final cutoff for LD and iJournals Public users

**Expenditure Adjustment Period: 9/6 - 9/11**
- Expenditure adjustments finalized
- Final cutoff for iJournals Specialist and Central users
- Grants Accounting, Accounts Receivable, Assets modules are closed

**General Ledger Transactions-Central: 9/12 - 9/19**
- All GL journal transactions finalized
- All General Ledgers (SU, EN, ER) are closed

**September 2019 Activity Begins: 9/20 - 10/31**
- All ledgers are opened
- Catch-up processing begins, including other financial activities that span through October
### FY19 Year-End Close Calendar

**PRE-CLOSE**

- **AUGUST 1** (Thu, 5:00 p.m.) Expenditure Type and Object Code requests must be submitted. [SS]
- **(Fri, 5:00 p.m.)** Form 1 for Capital and Non-Capital Projects must be approved. [PP]
- **(Fri, 5:00 p.m.)** GL/LSA/HF modules through 2038 requests must be submitted. [SS]
- **(Thu, 5:00 p.m.)** Open AUG-2019 & ADJ-2019 GL for SU/EN/ER set of books. [SS]
- **(Thu, 5:00 p.m.)** Open Encumbrance Year 2020 in GL. [SS]
- **(Thu, 11:59 p.m.)** July 2019 Month-End Close Complete. [SS]
- **(Mon, 5:00 p.m.)** AP, ERS & TCard transactions must be submitted (excluding PCard). [PP]
- **(Mon, 11:00 a.m.)** AP, ERS & TCard transactions must be approved (excluding PCard). [PP]
- **(Thu, 3:00 p.m.)** OSA LDA transactions must be submitted for all pay periods thru 7/31/19. [PLM]
- **(Thu, 5:00 p.m.)** OSA LDAs must be approved for all pay periods thru 7/31/19. [PLM]
- **(Thu, 5:00 p.m.)** Share Values must be submitted. [JE]
- **(Thu, 5:01 p.m.)** OSA Sweep begins for pay periods thru 7/31/19. [PLM]
- **(Thu, 9:00 p.m.)** Labor Schedules must be submitted for pay period 8/15/19 (hourly emps).
- **(Fri, 9:00 p.m.)** Draft of HR Org Hierarchy Changes for 8/1/2019 from UBO (Tentative). [PLM][SS]
- **(Fri, 6:00 a.m.)** OSA Sweep transactions available in OB. [PLM]
- **(Mon, 9:00 a.m.)** Labor Schedules must be submitted for pay period 8/15/19 (salary emps). [PLM]
- **(Wed, 9:00 p.m.)** Payroll available in OB and LD Adjustment module for pay period 8/15/19. [PLM]
- **(Wed, 9:00 p.m.)** Department Capital Template must be submitted. [PP]
- **(Fri, 11:00 a.m.)** Batch related invoices must be submitted to AP (select depts only). [PP]
- **(Fri, 3:00 p.m.)** Actual earning for Pools from IA to FA. [JE]
- **(Fri, 4:00 p.m.)** All PCard transactions must be approved. [PP]
- **(Fri, 5:00 p.m.)** All AP invoices uploaded [AR][PP]

**HARD CLOSE**

- **SEPT 6 (Fri) 9/17/19 Org Hierarchy available in Oracle. [JE]
- **(Fri) BUDGETS Fund Transfers available through 9/17/19 [JE]
- **(Thu, 11:59 p.m.)** Soft Close completed. [SS]

**POST CLOSE**

- **SEPT 20 (Fri) LDA responsibility reactivated. [PLM]
- **(Fri) Open ADB-2019, SEP-2019, and ER Budget for FY20. [SS]
- **(Fri) SEP-2019 activity begins (including FY20 salary encumbrances). [SS]
- **(Fri) SME Endowment Release (Tentative). [RPT]
- **(Fri, 8:00 a.m.)** Final close transactions available in OB. [RPT]
- **(Fri, 12:00 p.m.)** Final close Data available in Tidemark. [BGT]
- **(Mon) Payroll processed in Oracle Financials. [JE]
Setting the Context
Managing Year-End Activities
Why this is important

Financial Statement Objectives:
- Completeness and Accuracy
- Existence or Occurrence
- Valuation
- Rights and Obligations
- Presentation and Disclosure
Managing Year-End Close Activities

Process flow

Recording all expenses
- Advances
- PCard
- TCard
- Org Suspense Accounts

Recording other transactions
- Accruals
  - Revenue
  - Expenses
- Unidentified cash receipts

Managing funds
- Restricted gift funds
- Payout
- Reinvestment of Payout
- Transfers
- Overdrafts and deficits

Financial Transaction Approval
Recognizing Revenue & Revenue Accruals
Recognizing Revenue

Key Concepts

- Revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues.

- Units should not recognize revenue when you receive cash and you have not earned it yet.

- Revenue should be recognized in the period it is earned.
Recognizing Revenue
Scenario 1 - When Department Has Received Cash

Has obligation to earn revenue been performed?

Yes

Deposit cash, use 46xxx revenue object code

No

Deposit cash to deferred revenue, use 21620 Unearned Income Other

When revenue is earned, Submit iJournal

Debit: 21620 Unearned Income Other
Credit: 46XXX Revenue Object Code
Recognizing Revenue
Scenario 2 - When Department Has Not Received Cash

Has obligation to earn revenue been performed?

No

No action required

Yes

Submit iJournal to accrue revenue

Debit: 11221 Other Receivables General
Credit: 46XXX Revenue Object Code
Policy for Accruing Revenue

**Purpose:** To record external revenue on non-sponsored projects that should have been recognized in FY19 but was not recorded in Oracle during August 2019

**Revenue:**
- Prepare a list of all charges with customer PTAE’s and amounts to be credited (revenue)
- Using the same PTA, use one of these object codes as the debit:
  - 11221 Other Receivables General
  - 11222 Other Receivables Auxiliary and Service Centers
- Minimum threshold is $50,000
- Utilize iJournals AR Accruals to create an Accounts Receivable (AR) accrual journal for AUG-2019 **by September 10, 2019**

**Questions:**
- For Service Centers, email Christine Siu, csiu@Stanford.edu
- For all other revenue accruals, email Emily Cantey ecantey@stanford.edu
# Available Resources

<table>
<thead>
<tr>
<th>Resource</th>
<th>Location</th>
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</thead>
<tbody>
<tr>
<td>• <strong>Object Codes: 46XXX Revenue Definitions</strong></td>
<td>• Fingate &gt; Account Structure: Chart of Accounts &gt; Resources</td>
</tr>
<tr>
<td>• <strong>Object Code Listing Active &amp; Inactive</strong></td>
<td>• Fingate &gt; Account Structure: Chart of Accounts &gt; Resources</td>
</tr>
<tr>
<td>• <strong>Object Code Listing Active Only</strong></td>
<td>• OBI Dashboards &gt; Reference and Data Inquiry</td>
</tr>
<tr>
<td>• <strong>OBI Expenditure Type and Object Code Search</strong></td>
<td>• Fingate &gt; Account Structure: Chart of Accounts &gt; Resources</td>
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Expense Accruals
Policy for Accruing Expenses

**Purpose:** To record expenses that should have been recognized in FY19 but were not recorded in Oracle during August 2019

**Expenses:**
- Prepare a list of the expenses that have not yet been recorded in Oracle AP
  - Prepare a debit to these accounts
  - Create a credit (offset) using object code 21300
- Applies to Non-Capital Projects
- Minimum threshold is $50,000
- Utilize iJournals AP Accruals responsibility to create an Accounts Payable (AP) accrual journal for AUG-2019 by September 10, 2019

**Questions:**
- Email Nini Cruz, tcruz@Stanford.edu or Matt Savage, msavage1@stanford.edu
Variance Analysis
Variance Reporting

**What:**
Year-end analysis. Reviewing calculated differences between:
1) FY18 Actuals and FY19 Actuals
2) FY19 Booked Budget and FY19 Actuals

**Who:**
Performed by Budget Officers, Budget Analysts, Unit Managers or Unit Financial Analysts

**When:**
Due in Mid-October (communication with formal requests, instructions and deadlines will be sent in September)

**Why:**
Helps UBO and FAIR prepare university-wide consolidated year-end reports for university leadership, the Board of Trustees, auditors and other external audiences
Guidelines for Commentary

- **Focus on variances at the consolidated budget level.** Only drill down to variance in individual fund types if they are important (i.e. different trends in federal and non-federal research)

- **Prioritize variances that convey meaningful stories.** For variances due to geographical moves (i.e. changed from an expense to a transfer), point out briefly and move on.

- **Explain WHY there is a variance.** For instance, why did it cost more or less? Why was revenue higher or lower?

- **Describe variances in the context of a program/department within your unit**, so an outside audience can learn what’s happening within your unit.
## Examples

<table>
<thead>
<tr>
<th>Poor</th>
<th>Good</th>
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<td>There were more gifts received than expected.</td>
<td>Expendable Gifts were $5 million higher than budget because of a one-time gift from A Foundation to support B program.</td>
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<td>Lower compensation expenses were due to vacancies in FY19.</td>
<td>Compensation was lower by $500,000 than the budget because about 2% of budgeted positions were vacant this year. They are anticipated to be filled next year.</td>
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<td>Capital equipment expenses were greater than FY18 because of major equipment purchases in FY19.</td>
<td>Equipment purchases were $1 million higher than FY18 mainly because a grand piano for the faculty of the Music Department was purchased in FY19.</td>
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<td>Other income was higher because income from facilities rental was higher than estimated.</td>
<td>Other income was $1 million higher due to facilities rental fees earned on newly renovated building ABC, which was used to host summer conferences.</td>
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Next steps


- Keep an eye out for formal request in September which will include deadlines and other resources