



WHY YEAR-END CLOSE IS IMPORTANT!

- Allows us to report revenue and expenses in the proper fiscal years
- Provides an accurate representation of the financial position of the University and School



YEAR-END CLOSE

- Requires collaboration between University's Central Offices and Schools
- University wide guidelines are published in May by the Comptroller's Office (Fiscal Year Closing Memo)
- **IMPORTANT:** Internal deadlines will be set by the School of Public Health in order to comply with the Comptroller Office's requirements.





INCOME & EXPENSE ACCRUALS

What does this exactly mean?

ACCRUAL

ACCRUAL
TYPES

ACCRUALS

The term accrual refers to any individual entry that is used to record revenue or expenses in an accounting period, **in the absence of a cash exchange.**

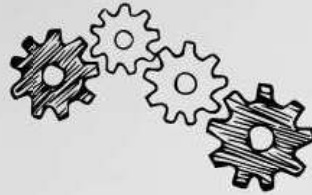


INCOME ACCRUAL

- Done to ensure revenue is recognized in the fiscal year when it is earned rather than when payment is received.

EXPENSE ACCRUAL

- Done to ensure that the expense is recognized in the fiscal year when it is incurred, rather than when paid.



INCOME & EXPENSE DEFERRALS

What does this exactly mean?

DEFERRAL

DEFERRAL
TYPES

The term deferral refers to a **cash exchange (money received or paid)** for goods or services that have not yet been received or provided. In other words, prepayment!



Hint: D for deferral, d for dollars \$\$

INCOME DEFERRAL

- Done to ensure revenue is recognized in the fiscal year when the income is earned rather than when payment was received. In other words, you received payment for a good or service in FY18 that will not be delivered or provided until FY19 - **advanced payment received.**

EXPENSE DEFERRAL

- Done to ensure that the expense is recognized in the fiscal year when the expense is incurred rather than when it was paid. In other words, you paid for a good or service in FY18 that will not be received or started until FY19 - **advanced payment made.**

ACCRUAL & DEFERRAL THRESHOLD

Please note: The threshold amount set by the Office of the Comptroller is generally **\$5,000**, but departments will be notified if there are any changes

REVENUE

INCOME
ACCRUAL



INCOME
DEFERRAL

INCOME ACCRUAL

- Payment that is owed for work you performed in FY18.
- For example, your department provided \$5,000 worth of Data Entry Services on June 13th. An invoice was prepared and sent by the SPH Department, but payment will not be received until July 2018 (net 30 payment terms).



work done by June 13th



invoice sent to client on June 15th



client pays in July of 2018

INCOME ACCRUAL

WHAT SHOULD BE DONE?

ANSWER

- For example, your department provided \$5,000 worth of Data Entry Services on June 13th. An invoice was prepared in WebGUI and sent by the SPH Department, but payment will not be received until July 2018 (net 30 payment terms).



These services were provided by SPH to the client in the current fiscal year, FY18, so income should be recorded for FY18.

When invoices are entered into WebGUI/SAP during FY18, Miscellaneous Receivables (MR) credits your account for the revenue in the current fiscal year.

Revenue is recorded in FY18, when the invoice is created in SAP.

INCOME DEFERRAL

- Payment that you received in FY18 for work that will be performed in FY19.
- For example, your department collects \$40,000 in registration fees in FY18 for a conference that will not take place until August (FY19).



customers registering for conference



Money being collected from customers' conference fee

INCOME DEFERRAL

WHAT SHOULD BE DONE?

ANSWER



Example - Your department collects \$40,000 in registration fees in FY18 for a conference that will not take place until August (FY19)

As these services will be provided by SPH to the customers in the next fiscal year (FY19), an **income deferral entry should be recorded** in FY18.

How do you record the income deferral?:

- Complete the template provided by SPH Central Finance (similar to the below).
- Please provide backup with your income deferral entry.

GL Acct PK	Amount	Cost Obj	Fnd Res Doc #	Fnd Res LI	Fnd Res Comp Ind	Fund	Grant	BA	Item Text
(6 digits)	(40 = debit or 50 = credit)	always a positive number	(fund center or IO - must be 10 digits)						(50 character limit)
420030	40	4000 244XXXXXX							August 2018 Conference- registration fees

EXPENSES

EXPENSE
ACCRUAL

EXPENSE
DEFERRAL

- Purchase Orders
- Disbursements
- Commitments
 - Shopping Carts
 - ISRs
 - FSRs
- Concur Travel & Expenses
- P. Card



PURCHASE ORDERS

EXPENSE
ACCRUAL



EXPENSE
DEFERRAL

EXPENSE ACCRUALS- POS

- Expenses **\$5,000 or more**, that should be recorded in FY18 (not yet paid), must be accrued. Please provide backup and template to SPH Central Finance by the School's stated deadline



EXPENSE ACCRUALS- POS

Example - Your department purchased:

- \$5,100 worth of promotional supplies on June 1st, which you received on June 28th with the invoice.
- \$6,000 worth of editing was requested for a piece published on June 15th. The vendor sent the invoice on June 27th.



EXPENSE ACCRUALS- POS

WHAT SHOULD BE DONE?

ANSWER



Example - Your department purchased:

- *\$5,100 worth of promotional supplies on June 1st, which you received on June 28th with the invoice.*
- *\$6,000 worth of editing was requested for a piece published on June 15th. The vendor sent the invoice on June 27th.*

As these supplies and services were received/used in the current fiscal year (FY18), and are individually \$5,000 or more, **an expense accrual entry should be recorded**. Please provide template (shown on the next page) and backup to SPH Central Finance.

ANSWER



Example - Your department purchased:

- \$5,100 worth of promotional supplies on June 1st, which you received on June 28th with the invoice.
- \$6,000 worth of editing was requested for a piece published on June 15th. The vendor sent the invoice on June 27th.

How do you record the expense accrual?:

- Complete the template provided by SPH Central Finance (similar to the below).
- Please provide backup with your expense accrual entry.

GL Acct PK (6 digits) (40 = debit or 50 = credit)	Amount always a positive number	Cost Obj (fund center or IO - must be 10 digits)	Item Text (50 character limit)
540010	40	5100 244XXXXXXXX	Research Supplies
513000	40	6000 244XXXXXXXX	Article edits and printing

EXPENSE DEFERAL-POS

- Requests to defer expenses for advanced payments made in FY18 for FY19 charges, that are **\$5,000** or more, must be sent to SPH Central Finance by the School's stated deadline.
 - These will be deferred using the template provided by SPH Central Finance.

EXPENSE DEFERAL-POS

- For example, your department prepaid \$5,000 for consulting fees for July 2018 - September 2018.
- In addition, your department made an advance payment to reserve a booth for an October 2018 Conference with a purchase order of \$8,000.



EXPENSE DEFERAL-POS

WHAT SHOULD BE DONE?

ANSWER

- For example, your department prepaid \$5,000 for consulting fees for July 2018 - September 2018.

- In addition, your department made an advance payment to reserve a booth for an October 2018 Conference with a purchase order of \$8,000.

As this expense relates to the following fiscal year (FY19), an **expense deferral entry should be recorded** in FY18.



ANSWER

- For example, your department prepaid \$5,000 for consulting fees for July 2018 - September 2018.

- In addition, your department made an advance payment to reserve a booth for an October 2018 Conference with a purchase order of \$8,000.

How do you record the expense deferral?:

- Complete the template provided by SPH Central Finance (similar to the below).
- Please provide backup with your expense deferral entry.

GL Acct PK (6 digits)	Amount (40 = debit or 50= credit) always a positive number	Cost Obj (fund center or IO - must be 10 digits)	Item Text (50 character limit)
515015	50	5000	Consulting Fees
513900	50	8000	Conference Booth (October)

DISBURSEMENTS



ACCRUED
EXPENSE

DEFERRED
EXPENSE

ACCRUED EXPENSE- DISBURSEMENT

- Expenses individually **\$5,000 or more**, that should be recorded in FY18 (not yet paid), must be accrued. Please provide backup and template to SPH Central Finance by the School's stated deadline



EXPENSE ACCRUALS- DISBURSEMENT

Example - Your department incurred the following expenses in FY18 (not yet paid):

- \$7,000 for performers you hired for an event
- \$5,500 to rent a conference venue for an event

EXPENSE ACCRUALS- DISBURSEMENT

WHAT SHOULD BE DONE?

ANSWER

Example - Your department incurred the following expenses in FY18 (not yet paid):

- *\$7,000 for performers you hired for an event*
- *\$5,500 to rent a conference venue for an event*

As these expenses were incurred in the current fiscal year (FY18), and are over \$5,000, **an expense accrual entry should be recorded**. Please provide template (shown on the next page) and backup to SPH Central Finance.

ANSWER

Example - Your department incurred the following expenses in FY18 (not yet paid):

- \$7,000 for performers you hired for an event
- \$5,500 to rent a conference venue for an event

GL Acct	PK	Amount	Cost Obj	Item Text
(6 digits)	(40 = debit or 50 = credit)	always a positive number	(fund center or IO - must be 10 digits)	(50 character limit)
516050	40	7000		performer at June 20th event
516050	40	5500		conference hall rental at June 20th event

DEFERRED EXPENSE- DISBURSEMENT

- Requests to defer expenses for advanced payments made in FY18 for FY19 charges, that are **\$5,000 or more**, must be sent to SPH Central Finance by the School's stated deadline.
 - These will be deferred using the template provided by SPH Central Finance.



DEFERRED EXPENSE- DISBURSEMENT

- For example, a \$5,300 invoice has been processed by Accounts Payable for your department's July 2018 - June 2019 Annual APHA membership.



DEFERRED EXPENSE- DISBURSEMENT

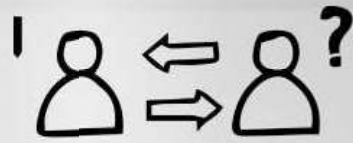
WHAT SHOULD BE DONE?

ANSWER

- For example, a \$5,300 invoice has been processed by Accounts Payable for your department's July 2018 - June 2019 Annual APHA membership.

As this expense is over \$5,000 and was prepaid in FY18 for FY19 charges, **an expense deferral entry should be recorded.**

On occasion, Accounts Payable will defer the expense. To ensure this has occurred, please send the **disbursement confirmation email** to SPH Central Finance for verification.



COMMITMENTS

COMMITMENTS

What are they and what should I do?

ROLL FORWARD
OR CLOSE OUT

COMMITMENTS

- Commitments are items that reflect upcoming expenditures.
 - Essentially you have committed this money for goods/services that will be received in the future
- Items that create a commitment include:
 - Shopping carts
 - Purchase Orders
 - Internal Service Requests (ISR)
 - Facilities Service Requests (FSR)
- Commitments that are not closed out, roll forward to the next fiscal year and will appear as a committed expense in FY19



COMMITMENT TYPES



1) Shopping Carts

- Shopping Carts that have been saved, canceled, or rejected and will not be billed against in the future should be **deleted by the Shopper** inside the Procurement tab of Business Warehouse.

2) Purchase Order

- Purchase Orders that have been **paid in full for goods/services already received**, should be closed.
- Purchase Orders for transactions that have been **canceled**, should be closed.
- Purchase Orders where the remaining balance has been **paid via another method**, should be closed.

COMMITMENT TYPES

3) Internal Service Request (ISR)

- ISRs that have been fulfilled by an internal BU department should be closed by contacting the provider directly.
- If the ISR is not closed, the actual expense will not hit in the correct fiscal year (FY18), therefore your department will have to pay for the expense in the next fiscal year (FY19).

4) Facilities Service Request (FSR)

- FSRs that have been fulfilled by BU Facilities should be closed in the CAMMS system or by contacting Facilities directly.
- If an FSR commitment value is \$1, request the final amount to be charged to your department to assure you have enough funds to cover the expense.

ROLL FORWARD OR CLOSE OUT

- As previously mentioned, commitments that are not closed will rollforward to the next fiscal year. This is done automatically via SAP.
- When to "Roll Out or Close Out"
 - Roll Out (roll forward)
 - If a good or service **will be provided in FY19**, commitments can be left open to roll forward.
 - Close Out
 - If the good or service **has been provided and billing is complete**, the commitment should be closed.
 - If the good or service was **canceled**, the commitment should be closed.
 - If the good or service was **paid via a different method** (i.e. credit card), the commitment should be closed.

EXAMPLES

1) You have a limit order for copier repair services that are for **calendar year** 2018. Do you..

Leave open (roll forward)

Close out

EXAMPLES

1) You have a limit order for copier repair services that are for **calendar year** 2018. Do you..

Leave open (roll forward)

Close out

EXAMPLES

- 1) You have a limit order for copier repair services that are for **calendar year** 2018. Do you..
- 2) Your department contracted BU's Catering on the Charles using an ISR for an event that occurred in April. Do you..

Leave open (roll forward)

Close out

EXAMPLES

- 1) You have a limit order for copier repair services that are for **calendar year** 2018. Do you..
- 2) Your department contracted BU's Catering on the Charles using an ISR for an event that occurred in April. Do you..

Leave open (roll forward)

Close out

CONCUR TRAVEL & EXPENSE

- For year end, expenses should be **assigned** to an expense report before the Travel Services deadline (Comptroller's Fiscal Year-End Memo), typically in **mid-June**.

- Travel and expenses **completed** in FY18 – Expense reports should be **submitted and approved** before the deadline to ensure that charges post to FY18.
- Future travel and expenses booked in FY18 for FY19 charges – Expenses for future travel should be **assigned** to a report, but not submitted for approval until travel and expenses have occurred (imperative for University wide financial reporting).

- An expense report submitted for travel after the Travel Service deadline may not post to FY18.



PCARDS



Deadlines:

Purchase deadline

- Provided by Comptroller's Fiscal Year-End Memo, typically mid-June.
- Transactions posted after the purchase deadline may not be included in FY18.
 - please note it may take up to 5 days after purchase for transactions to be available for review.

Sign off deadline

- Provided by Comptroller's Fiscal Year-End Memo, typically a week after the purchase deadline.
- Must sign off on all transactions by the stated sign off deadline.

PCard expenses that have been paid in FY18 for FY19 charges, that are **\$5,000 or more**, must be sent to SPH Central Finance by the School's stated deadline.

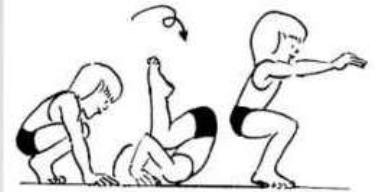
- These will be deferred using the template provided by SPH Central Finance.

SALARY ADJUSTMENTS

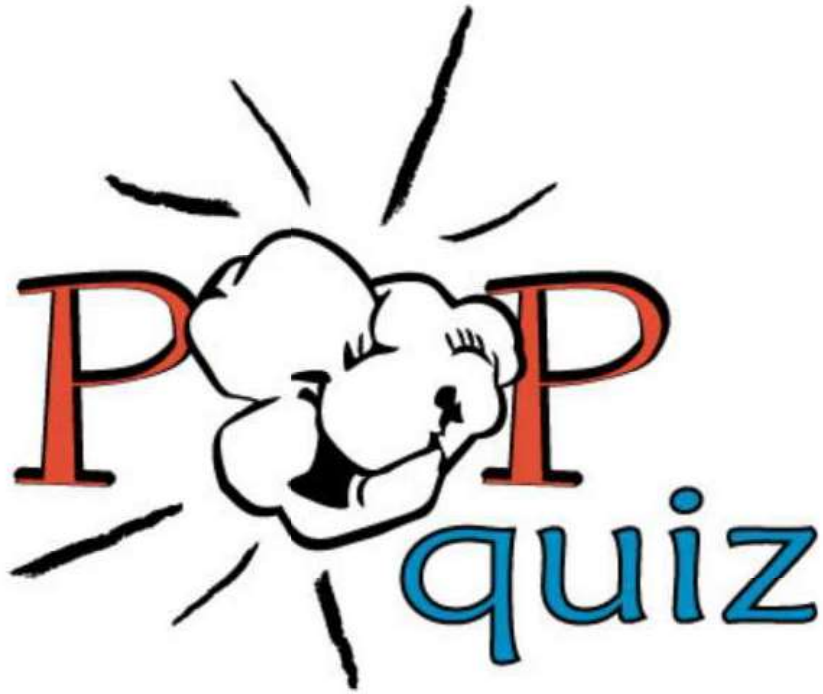


- A salary adjustment can occur for a variety of different scenarios
 - Promotion, Retirement, Transfer, Leave of Absence, Termination, etc.
- Personal Action (PA) forms must be filled out to have these changes take place
 - Faculty salary adjustments- contact Joline Durant at jdurant@bu.edu
 - Staff salary adjustments- contact Krissy Zambouras at krissyz@bu.edu
- Payroll will process the final off-cycle payroll at the end of June to capture any final salary distribution adjustments for FY18.
 - The date will be announced in the Comptroller's Fiscal Year Closing Memo

FY19 BEGINNING BALANCE ROLLFORWARD



- Balance roll forward is one of the last phases of year-end closing.
 - Reversals of deferral and accrual entries generally post in the first or second week of July and should be reviewed immediately.
 - Most closing adjustments are completed by the end of July, making preliminary beginning balances available at the end of July/ beginning of August.
- Note:** Although adjustments are posted, the closing process is not fully complete until the University's external audit is finalized, which is generally in late September.
- Once the balances are posted, each SPH Department director and administrator must perform a review to ensure that the beginning balances within their fund center(s) are accurate.



QUESTION 1

The SPH year-end close **deadlines** will occur **before** the Office of the Comptroller's posted dates.

True

False

QUESTION 1

The SPH year-end close **deadlines** will occur **before** the Office of the Comptroller's posted dates.

True

QUESTION 2

What is the threshold amount set by the University Comptroller's Office to record accrual/deferral entries ?

- A) \$500
- B) \$1,000
- C) \$5,000
- D) \$10,000

QUESTION 2

What is the threshold amount set by the University Comptroller's Office to record accrual/deferral entries ?

C) \$5,000

QUESTION 3

In April 2018, your department paid an annual membership fee covering July 1, 2018- June 30, 2019. How should you handle the expense?

- A) Accrue the expense
- B) Defer the expense
- C) Contact Sourcing to close out the expense

QUESTION 3

In April 2018, your department paid an annual membership fee covering July 1, 2018- June 30, 2019. How should you handle the expense?

B) Defer the expense

QUESTION 4

Your department is hosting an event at the end of June and has hired a musician to perform. The musician provides an invoice for payment after the event? How should you handle the expense?

- A) Accrue the expense
- B) Defer the expense
- C) Ask the musician if you can pay with a credit card

QUESTION 4

Your department is hosting an event at the end of June and has hired a musician to perform. The musician provides an invoice for payment after the event? How should you handle the expense?

A) Accrue the expense

QUESTION 5

Your department is hosting a ticketed conference in September. Registration is open through June and you've collected \$15,000? What should you do?

- A) Accrue the income
- B) Defer the income
- C) Create a shopping cart

QUESTION 5

Your department is hosting a ticketed conference in September. Registration is open through June and you've collected \$15,000? What should you do?

B) Defer the income

QUESTION 6

Your department provided database services from April – June 2018 for an external startup project. Your department sends an invoice for the completed work at the end of the period. What should be done?

- A) Create an invoice in WebGui/SAP prior to June 30th
- B) Deferred income entry must be posted
- C) Wait to create an invoice until July

QUESTION 6

Your department provided database services from April – June 2018 for an external startup project. Your department sends an invoice for the completed work at the end of the period. What should be done?

A) Create an invoice in WebGui/SAP prior to June 30th

QUESTION 7

You booked a flight in May for a conference in August using Concur. The charge is now listed as an available expense in the Concur system. What should be done?

- A) Do nothing because it relates to future travel
- B) Contact the finance department to defer the expense
- C) Assign the charge to a new expense report in Concur
- D) Call BU Travel Services and request that the charge be removed

QUESTION 7

You booked a flight in May for a conference in August using Concur. The charge is now listed as an available expense in the Concur system. What should be done?

C) Assign the charge to a new expense report in Concur

QUESTION 8

You run a transaction detail report to review your commitments. You notice \$500 committed to an open Purchase Order and after examination remember that the order was cancelled by the vendor. What should be done?

- A) Contact the IT Help desk
- B) Submit a PO Close Out request to Sourcing
- C) Call the vendor to cancel the PO

QUESTION 8

You run a transaction detail report to review your commitments. You notice \$500 committed to an open Purchase Order and after examination remember that the order was cancelled by the vendor. What should be done?

B) Submit a PO Close Out request to Sourcing

QUESTION 9

You have an open Limit Order for services to be provided from March through November 2018. The vendor bills each month (i.e. June 1) before providing the service (in June). What should you do?

- A) Close out the Limit Order and submit a new shopping cart in FY19
- B) Submit an entry to defer revenue
- C) Keep the Limit Order open

QUESTION 9

You have an open Limit Order for services to be provided from March through November 2018. The vendor bills each month (i.e. June 1) before providing the service (in June). What should you do?

C) Keep the Limit Order open

QUESTION 10

You run a transaction detail report and notice a commitment related to an ISR from February for parking coupons. You have already received and used the coupons. What should you do?

- A) Closeout the ISR with Sourcing
- B) Wait for Parking to clear the commitment
- C) Reach out to Parking to have them move the commitment to actuals

QUESTION 10

You run a transaction detail report and notice a commitment related to an ISR from February for parking coupons. You have already received and used the coupons. What should you do?

C) Reach out to Parking to have them move the commitment to actuals

QUESTION 11

If a faculty or staff member is promoted, leaves, transfers, retires, or is terminated, who do you contact?

- A) Dean Galea for faculty and Susan Foster for staff
- B) Joline Durant for faculty and Krissy Zambouras for staff
- C) Central HR for faculty and Sourcing for staff

QUESTION 11

If a faculty or staff member is promoted, leaves, transfers, retires, or is terminated, who do you contact?

B) Joline Durant for faculty and Krissy Zambouras for staff

QUESTION 12

On June 18th, you receive three invoices (one for \$5,000, one for \$6,300, and one for \$5,400) for expenses that should be recorded in FY18. What should you do?

- A) Send invoices to Accounts Payable
- B) Send year-end template and backup to SPH Central Finance to accrue
- C) Use a P-card to pay for the three invoices

QUESTION 12

On June 18th, you receive three invoices (one for \$5,000, one for \$6,300, and one for \$5,400) for expenses that should be recorded in FY18. What should you do?

B) Send year-end template and backup to SPH Central Finance to accrue

QUESTION 13

You have the following prepaid expenses as of June 18th:

- 1) \$6,000 prepaid expense using a PO
- 2) \$5,400 prepaid expense using a PCard

What should you do?

- A) Ask the vendors for a refund
- B) Send the deferral request to Accounts Payable
- C) Send year-end template and backup to SPH Central Finance for processing

QUESTION 13

You have the following prepaid expenses as of June 18th:

- 1) \$6,000 prepaid expense using a PO
- 2) \$5,400 prepaid expense using a PCard

What should you do?

C) Send year-end template and backup to SPH Central Finance for processing

THANK YOU ALL FOR YOUR PARTICIPATION!

If you have any questions, please do not hesitate to reach out to us!



Susan Foster
Associate Dean for Administration



Italia Ieraci
Senior Financial Analyst



John Wright
Director of Finance



Joshua Buckno
Senior Financial Analyst



Veronica Byam
Assistant Director of Finance



Melanie Gilreath Chaisson
Financial Administrator

