

Year-End Close

Introduction

Each fiscal year, Boston University is required to prepare consolidated financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

These financial statements provide an overview of the University's activities for the fiscal year (July 1st through June 30th) and reveal important information about the financial health of our Institution.



To prepare financial statements, accounting procedures are undertaken throughout the year to ensure that all transactions posted are accurate and recorded to the appropriate period. Year-end accounting procedures are similar to the processes you already perform on a daily, weekly or monthly basis, but are particularly important during this period as they provide one last opportunity to record all your departmental activities and make any necessary correction

To ensure a smooth year-end close, the following topics will be covered in this section of the Best Practices Handbook

1. Closing periods and key dates
2. Income and expense accruals
3. Income and expense deferrals
4. Commitment roll forward
5. Beginning balances roll forward
6. Salary adjustments
7. Concur travel and expense reimbursements
8. Time off request approval

Year-End Close

1. Closing periods and key dates

As year-end close requires Central Offices and Schools to collaborate, deadlines are set in place. In May of each year, the Boston University Office of the Comptroller provides Schools' directors and administrators with a Fiscal Year Closing Memo, which includes key dates and deadlines as shown in the example below.

ITEMS	TIME	DATE	DAY
Student Payroll			
Student salary adjustments			
For payroll periods prior to May 2017	5:00 p.m.	June 2, 2017	Friday
For payroll periods in June 2017	5:00 p.m.	June 16, 2017	Friday
Concur Travel Reports	Noon	June 16, 2017	Friday
Vendor Invoices			
Purchase Order Related	Noon	June 16, 2017	Friday
Non-Purchase Order Related	Noon	June 16, 2017	Friday
Purchase Orders - Close Out Requests	5:00 p.m.	June 16, 2017	Friday
Petty Cash close outs	5:00 p.m.	June 16, 2017	Friday
Payroll			
Last day to submit:			
OH Forms - current employees	5:00 p.m.	June 16, 2017	Wednesday
FA Forms - current employees	5:00 p.m.	June 16, 2017	Monday
Suspend Forms	5:00 p.m.	June 16, 2017	Tuesday
Weekly Staff, Student, Facilities & Casual time sheets	Noon	June 20, 2017	Tuesday
Faculty leaves and terminations	5:00 p.m.	July 12, 2017	Friday
Budget Adjustments	Noon	June 16, 2017	Friday
P-Card Purchases **			
Last day to make a P-Card purchase	5:00 p.m.	June 16, 2017	Friday
Cash Receipts	Noon	June 30, 2017	Friday
Departmental Supplier Invoices	5:00 p.m.	June 30, 2017	Friday
Internal Service Requests (ISR)			
New Requests for FY 2017	Noon	June 16, 2017	Friday
Provider Billing Posting	5:00 p.m.	June 30, 2017	Friday
Facility Service Requests			
New Requests for FY 2017	5:00 p.m.	June 16, 2017	Friday
Provider Billing Posting	5:00 p.m.	June 30, 2017	Friday
Expense accruals/income deferrals to AP and General Accounting	Noon	July 3, 2017	Monday
Journal Entries & JV Uploads			
Department Level Approval	5:00 p.m.	July 6, 2017	Thursday
Central Approval	Noon	July 7, 2017	Friday
Time off requests			
Department Level Approval	5:00 p.m.	June 30, 2017	Friday

**It may take up to 5 business days after a purchase is made for a vendor transaction to be available for cardholder review and account updating in WORKS (the P-Card system). Purchases made after June 16, 2017, may not be available for cardholder review and update in time for inclusion in FY 2017. All updates should be complete by 3:00 pm June 23rd, posting to General Ledger will be at 5:00 on Friday, June 23rd.

TIP: SPH's Finance Department will send a memo with internal deadlines to meet the Comptroller's deadlines!



Although the Office of the Comptroller provides University wide deadlines, internal deadlines will be set by the School of Public Health in order to comply with the Comptroller Office's requirements. Soon after the Comptroller's Office Year-End Memo is publicized, the SPH's Finance and Administration Office will provide the internal deadlines to all department directors and administrators within our School. Department directors and administrators are responsible for continuously monitoring individual accounts, ensuring timely recording of transaction, and are encouraged to begin the year-end closing process as early as possible.

Year-End Close

2. Income and expense accruals

The term accrual refers to any individual entry that is used to record revenue or expense in an accounting period, in the absence of cash exchange. Income and Expense Accruals are a GAAP-based accounting requirement, and provide a more accurate view of the University's financial position.

Procedure

Departments' directors and administrators are responsible for providing the SPH Finance and Administration Office with all the information needed to prepare year-end accrual entries. The School's internal deadlines must be followed and backup documentation is required for all transactions. Additional guidance is provided in the following sections of the Handbook.

Threshold

The threshold amount set by the Office of the Comptroller is generally \$5,000, but departments will be notified of any changes as needed.

Reversal of accruals

Accruals are reversed by the Office of the Comptroller a few days after the start of the new Fiscal Year and will have a date of July 1st. Each Department director and administrator should ensure that accrual entries (and reversals) have posted appropriately and should contact the SPH Finance and Administration Department if discrepancies are found.



Year-End Close

2. Income and expense accruals (continued)

Income Accruals

Recording an income accrual ensures that revenue is recognized in the accounting period when it's earned, rather than when payment of funds are received.

The following example will illustrate revenue that SPH is required to accrue.

- SPH Department (i.e. BEDAC) provides \$5,000 worth of Data Entry Services on June 3rd (FY18). An Invoice is prepared and sent by the SPH Department on June 15th (FY18) with payment terms "net 30" (i.e. payment for services will not be received until July- FY19).

As these services were provided to the client in the current fiscal year (FY18), an income accrual entry should be recorded in SAP on or before June 30th (FY18). This is done to ensure that the revenue is captured in the fiscal year when earned, as opposed to when payment was received (July FY19).

To record the income accrual, a template will be provided by SPH Finance and Administration to all Department directors and administrators within our School. Kindly fill the template as illustrated in the example below and provide supporting documentation (BU invoice, etc.) showing completion of services (or delivery of goods) before the end of the fiscal year.

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)
420030	50	5000	244XXXXXX Data Entry Services to John Doe

(For a description of what each column means, please see Appendix A.)

Year-End Close

2. Income and expense accruals (continued)

Expense Accruals

Recording an expense accrual ensures that the expense is recognized in the accounting period when it is incurred, rather than when paid.

The following example will illustrate the typical expenses that SPH is required to accrue.

- \$5,100 worth of promotional supplies, purchased by your department on June 1st and received on June 28th (FY18). The supplier sent an invoice for these goods on July 3rd (FY19).
- \$6,000 worth of editing and printing was requested by your department for a piece published on June 15th (FY18). The invoice from the vendor was received on June 27th but payment is not scheduled to be issued until August 15th (FY19).

As these supplies and services were received in the current fiscal year (FY18), an expense accrual entry should be recorded in SAP on or before June 30th (FY18). This is done to ensure that the expenses are captured in the fiscal year when *incurred*, rather than when payment was made (July or August FY19).

To record the expense accrual, a template will be provided by SPH Finance and Administration to all Department directors and administrators within our School. Kindly fill the template as illustrated in the example below and provide supporting documentation (invoices for services, or packing slip for materials and supplies for example) dated on or before June 30th, the end of the fiscal year.

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)
540010	40		5100 244XXXXXXX	Research Supplies
513000	40		6000 244XXXXXXX	Article edits and printing

(For a description of what each column means, please see Appendix A.)

Year-End Close

3. Income and expense deferrals

The term deferral refers to a cash exchange (money received or paid) of goods or services that have not yet been received or provided. Income and Expense deferrals are a GAAP-based accounting requirement, and provide a more accurate view of the University's financial position.

Procedure

Departments' directors and administrators are responsible for providing the SPH Finance and Administration Office with all the information needed to prepare year-end deferral entries. The School's internal deadlines must be followed and backup documentation is required for all transactions. Additional guidance is provided in the following sections of the Handbook.

Threshold

The threshold amount set by the Office of the Comptroller is generally \$5,000, but departments will be notified of any changes as needed.

Reversal of Accruals

Accruals are reversed by the Office of the Comptroller a few days after the start of the new Fiscal Year and will have a date of July 1st. Each Department director and administrator should ensure that deferral entries (and reversals) have posted appropriately and should contact the SPH Finance and Administration Department if discrepancies are found

Income Deferrals

Recording a deferral ensures that the transaction is recognized in the accounting period when the income is earned, rather than when payment was received. In other words, you have received a payment for a good or service in the current fiscal year that will not be delivered or provided until the following fiscal year.

The following examples will illustrate revenue that SPH will be required to defer.

- In June (FY18) an SPH department collects \$40,000 in registration fees for a conference that will not take place until August (FY19). As August is in the next fiscal year (FY19), a revenue deferral is required.

As these services will not be provided by SPH until the following fiscal year (FY19), income should not be recorded in the current fiscal year (FY18), even if cash has been received in advance for these services.

Year-End Close

3. Income and expense deferrals (continued)

To record the income deferral, a template will be provided by SPH Finance and Administration to all Department directors and administrators within our School. Kindly fill the template as illustrated in the examples below and provide supporting documentation for each transaction.

Supporting documentation for Income deferral includes Business Warehouse (BW) report showing revenue entries posted to your SPH Fund Center for all cash receipts (please see screen shot below).

Funds Center	GL/Commitment item	Posting date	Text	Document type	FI doc.number	Doc Control No	Amount
244XXXXXXXX	420030 RECEIPTS AND CREDITS	06/22/2018	SPH Conference	Cashier	1002251234	-	(10,000.00)
244XXXXXXXX	420030 RECEIPTS AND CREDITS	06/22/2018	SPH Conference	Cashier	1002254321	-	(10,000.00)
244XXXXXXXX	420030 RECEIPTS AND CREDITS	06/22/2018	SPH Conference	Cashier	10022512345	-	(10,000.00)
244XXXXXXXX	420030 RECEIPTS AND CREDITS	06/22/2018	SPH Conference	Cashier	10022556781	-	(10,000.00)
Overall Result							(40,000.00)

(For a description of what each column means, please see Appendix A.)

GL Acct PK (6 digits)	Amount (40 = debit or 50= credit)	Cost Obj always a positive number	Item Text (fund center or IO - must be 10 digits)	Item Text (50 character limit)
420030	40	40000	244XXXXXX	Summer 2018 Conference Registration Fees

Year-End Close

3. Income and expense deferrals (continued)

Expense deferrals

Recording a deferral ensures that the transaction is recognized in the accounting period when the expense is incurred, rather than when it was paid. In other words, you have made payment in the current fiscal year for goods or services that will not be received until the following fiscal year.

The following examples will illustrate expenses that SPH is required to defer.

- In June an SPH department makes an advance payment of \$7,000 in annual membership dues for period July 2018-June 2019. As this relates to fiscal year 2019, this should be listed as a prepaid asset and should be deferred.
- In June SPH pays for flights (\$7,300), hotel accommodations (\$5,800), and conference fees (\$5,000) for a conference taking place in August. Since August is in the new fiscal year, an expense deferral is required.

As these services will not be provided to SPH until the following fiscal year (FY19), the expenses should not be recorded in the current fiscal year (FY18), even if payment has been made in advance for these services.

To record the expense deferral, a template will be provided by SPH Finance and Administration to all Department directors and administrators within our School. Kindly fill the template as illustrated in the examples below and provide supporting documentation for each transaction.

Supporting documentation for expense deferral includes Business Warehouse (BW) report showing payments entries posted to your SPH Fund Center (please see screen shot below.)

Funds Center	GL/Commitment item	Posting date	FI doc number	Vendor	Vendor Invoice	SC Number	Amount
244XXXXXX	513940 Dues & Memberships	06/18/2018	5110312345	Koninklijke BV	50012413-July 2018	1002251234	7,000.00
Overall Result							7,000.00

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)
513940	50	7000	244XXXXXX	Annual FY19 APHA dues

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)
513500	50	7300	244XXXXXX	Travel- Flight for Chicago conference
513500	50	5800	244XXXXXX	Travel- Hotel for Chicago conference
513900	50	5000	244XXXXXX	Conference in Chicago

Year-End Close

4. Commitment roll forward

Commitments are items that reflect upcoming expenditures. Essentially you have committed this money for goods/services that will be received in the future.

Commitments relate to shopping carts and purchase orders; ISRs; and FSRs.

At the end of each fiscal year, the system will automatically roll forward all commitment items to the new fiscal year.

As part of the year-end close, you must review all commitments listed in your fund center(s) to ensure that the roll forward is needed. For commitments that should not be rolled forward, you should do the following.

1. Shopping carts - shopper who created the shopping cart must [Delete Shopping Cart](#)
2. Purchase Orders - fill out the [Purchase Order Closeout Request](#)
3. ISRs – close by contacting internal provider directly
4. FSRs – close by creating a request in [CAMMS](#). If you have any questions, please contact the BUMC Facilities Administrative Assistant: Vanessa R. S. Winston at: wvaness1@bu.edu



Year-End Close

5. Beginning balances roll forward

Balance roll forward is one of the last phases of year-end closing. Most closing adjustments are complete at the end of July making preliminary beginning balances available by the end of July/ beginning August.

Please note that although the 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. This means, for example, that for Internal Orders the ending balance in the prior fiscal year agrees to the beginning balance in the new fiscal year.



“How do the year end numbers look?”

Year-End Close

6. Salary adjustments

A salary adjustment can occur for a variety of different scenarios. Examples include promotion, position change, transfer, termination, retirement, and leave of absence. To have these changes take effect, a Personnel Action (PA) form needs to be filled out. To ensure effective and efficient processing of salary adjustments, the SPH Finance and Administration Office will provide internal due dates for all Departments.

In addition, Payroll will plan to process the final off-cycle payroll at the end of June to capture any final salary distribution adjustments for FY18. PA forms containing salary adjustments for this this final off-cycle payroll will be announced in the Fiscal Year Closing Memo.



Helpful Links

[Salary Adjustment Deadlines](#)

Year-End Close

7. Concur travel and expense reimbursement

Concur is a digital solution that BU purchased and uses as their travel and expense management system. It allows for easy online bookings for travel, increased visibility into expenses, and quick reimbursement turnarounds for out of pocket expenditures.

Boston University’s policy requires that charges made on the University Travel Card be assigned to a Concur travel report no later than 30 days after the charge is posted- but at year-end, every effort must be made to assign all open charges to a Concur travel or expense reimbursement report, even those that posted within the last 30 days. The trip start and end dates allow the finance department and central to ensure the accuracy of Boston University’s financial statements.

Once the Fiscal Year Closing Memo is distributed, a due date will be listed for when all open charges and travel reports must have department approval within Concur (typically mid June). Expenses after this due date may not post to FY 2018.



Helpful Links

[Best Practices Handbook Travel & Concur](#)



Year-End Close

8. Time off request approval

At Boston University a full-time or part-time employee scheduled to work at least 50% of the regularly scheduled workweek is eligible upon hire to accrue and use their time off. Time off includes vacation, sick days, personal days, unpaid time off, sympathy time, jury duty, and intersession. For accruals, vacation time is the only accrual the University will focus on as that is the only time off that will be paid out if you choose to leave Boston University.



Accrued vacation time is time that an employee has earned, but which has not yet been used or paid (remember absence of a cash exchange). As the employee has earned this, the University must accrue these expenses and record a liability on their books. This will not only provide an accurate depiction of the University's financial position, but fulfills the GAAP requirement.

To ensure the University is recording the appropriate vacation time accrual, the Comptroller's Office requests that all vacation requests for the current fiscal year are entered and approved before the end of June.

TIP: Please ensure all vacation requests for the fiscal year (July 1st - June 30th) have been entered and approved by the end of June!

Year-End Close

Appendix A

Along with the School of Public Health’s Memo, noting internal deadlines to meet the Comptroller’s deadlines, the Finance Department will be sending an excel spreadsheet to input your accruals and deferrals. Within this spreadsheet there will be columns labeled to assist in entering the information. Below are the labeled column headers.

Grp #	Rcd Type	Date	Doc Type	Hdr Text	GL Acct	PK	Amt	Cost Obj	Fnd Res Doc #	Fnd Res LI	Fnd Res Comp Ind	Fund	Grant	BA	Item Text	Assignment	Ref #1
Sum	H	06172018	SA	Accrual													
Sum	I				513000	40	2000	2440450000					GRANTNR		Edits & prints		
001	H	06182018	SA	Deferral													
001	I				513500	50	1800	2440450000					GRANTNR		Conference		

Grp #: Each unique group number creates a document number in SAP; therefore, multiple documents can be created using the same spreadsheet. A group number is assigned by the user and identifies all line items within a document. This mandatory field can only be 3 characters. Above you will see sum and 001; sum relates to one document and 001 relates to another.

Rcd Type: Record type will be either "H" for Header or "I" for line item. Each record must have a header line and an item line. Typically you need at least two lines for each item, but for year-end SPH’s Finance Department and the Comptroller’s Office will be adding the second line.

Date: Document date must be in the following format: mmddyyyy. It is required in a header line, not on a line item. Do not include dashes or slashes. Dates with single digits in the month or day must begin with a leading zero. (i.e. January = "01")

Doc Type: Document type will always be "SA" and is required in the header line only.

Hdr Text: Provides a title for the entry

GL Acct: The general ledger account number can be found in the SPH GL Codes Sheet List. If using an income (4XXXXX) or expense (5XXXXX) account, you will need to fill out the cost object in column.

PK: Posting key identifies whether the line item is a debit or a credit. Enter "40" for debits and "50" for credits

Amount: The dollar value/amount of the line item.

Cost Obj: A cost object can be a cost center, internal order or WBS element.

Fnd Res Doc #: Funds reservation document number is used if the jv upload is relieving a funds reservation.

Fnd Res LI: Funds reservation line item is used if the jv upload is relieving a funds reservation. You can put the line item number in this column. Maximum of 3 characters.

Fnd Res Comp Ind: Completion indicator is used only if the entry will be the final item needed to relieve the funds reservation. Enter a "x" if appropriate.

Fund: Fund is required if using a balance sheet account.

Grant: Since the SA document may not be used to post to research grants, the "GRANT" column should always have a value of "GRANTNR", which stands for "GRANT NOT RELEVANT".

BA: Business area is required if using a balance sheet account. Primary choices are "1CRC, 2MED, or 3NBL"

Item Text: Required text on line item entry. Maximum of 50 characters.

Assignment: Assignment field may be used as additional reference text as needed by department.

Ref #1: Reference number field may be used as additional reference text as needed by department.